

# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

JUNE 1956

National Survey  
of Family  
Banking Habits  
(page 34)

*PR News  
You Can Use*

◀  
Holding Company Act  
Authors: Senator  
Robertson (right) and  
Representative Spence  
(pages 3, 38, 42)

◀  
**FAMILY DOLLAR**  
Section,  
following page 160





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# BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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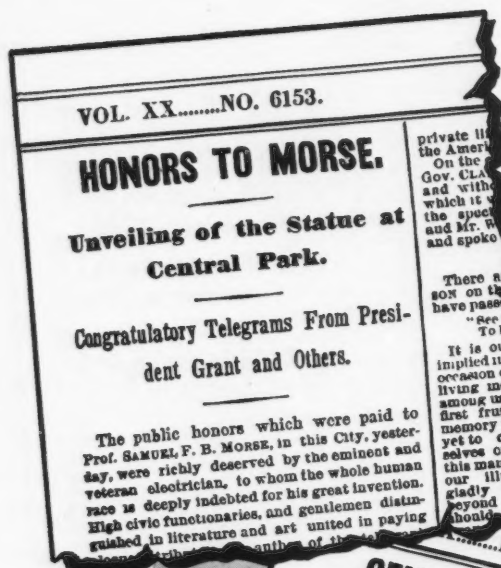
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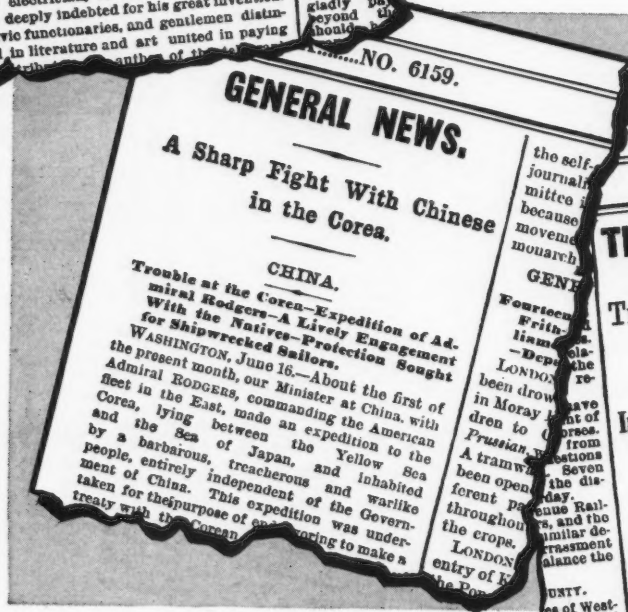
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# HEADLINE NEWS in June, 1871

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# Just a Minute

## A Campus and a Convention ...

ON the campus of Rutgers University, come June 11, The Graduate School of Banking conducted by the American Bankers Association opens its 22nd resident session. At the end of the two weeks another large graduating class will join the several thousand bankers who are members of a distinguished alumni association. This year's student body will approximate 1,100, the faculty, 101.

Also on the June educational calendar is the 54th annual convention of the American Institute of Banking, which assembles at Dallas on June 4 under the presidency of Bernard J. Lunt, assistant vice-president of The Fort Worth

National Bank. For the first time the Harold Stonier Award will be presented to a graduate student of the Institute for excellence in its advanced studies.

June is likewise the middle of the state association convention period. It looks as though the 1956 crop of meetings will set a new attendance record.

## June 17

PERHAPS we shouldn't mention that date for we ignored Mother's Day. However, the Father's Day press agent sent us "a brief fact sheet"; and although we too quickly mislaid it, the memory seems to have lingered.



"The trouble with coming to work on time is that it makes the day so long"

"There are many opportunities for Father's Day pictures and articles. We shall be happy to be of further service, should you desire," he said.

Well, having failed to take advantage of that kind offer, we come up to June 17 with neither story nor photo pertinent to the occasion. However, we pass on the day's slogan: "Honor a Great American—Your Dad."

(CONTINUED ON PAGE 5)



SOUTHALL

## THIS MONTH'S COVER

The Bank Holding Company Act, discussed at some length in "Washington," page 38, is the result of the combined labors of Sen. A Willis Robertson of Virginia (right) and Rep. Brent Spence of Kentucky, shown together on our cover. An article on the subject, based on a speech by Sen. Robertson appears on page 42

## BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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### Any Suggestions?

At a recent NABAC panel in Chicago the boys supplemented a serious discussion of service charges by offering a humorous schedule. It went like this:

*Entering bank:* front door, 50 cents; side door, 25 cents.

*Arguing about balance:* civilly, 50 cents; quarrelsomely, \$1; second time, \$2.50; third time, \$3.50.

*Speaking out of turn:* to president, \$1; to cashier, 50 cents; to assistant cashier, 25 cents; to any vice-president, no charge.

*Leaning on teller's window:* one elbow, 50 cents; both elbows, \$1.

*Requesting reduction in interest rate on loans:* in hopeless manner, 50 cents; in persistent manner, \$1.

*Telling jokes to staff member:* original, 50 cents; second hand, \$3.

### A 35,000-hour Job

COMMENTING on the American Telephone & Telegraph Company's announcement that it would spend \$2,100,000,000 for expansion this year, the *New York Times* said the news raised a question in the minds of amateur mathematicians: "How long would it take to count the cash?"

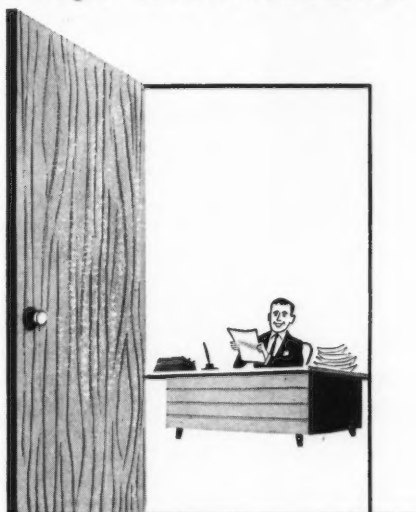
"A Federal Reserve Bank official says an efficient teller can thumb-count five to six bundles of currency --1,000 bills a bundle--in an hour. Thus, if the \$2,100,000,000 were in \$10 bills, it would take a teller more than 35,000 hours to complete the job.

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The "sail-in banking" dock at American National Bank, Fort Lauderdale

this would involve 17 years of 'thumbing.' Bank officials refused, however, to speculate on the damage to the thumb."

### Sail-in Banking

PRESIDENT Scott L. Moore of the American National Bank, Fort Lauderdale, Fla., believes he's the first commercial banker in the country to offer bank-by-boat service.

Here are the facts, as they come to us from that fair city:

American National built a 50-foot reinforced concrete dock on its parking lot which fronts on Fort Lauderdale's Middle River. It's advertising "Bank-by-boat and beat the traffic jam."

Fort L., you know, is "The American Venice"—it has hundreds of miles of waterways in rivers, canals, Port Everglades, the Intercoastal Waterway.

"We've got almost as many boats as we have autos," says Banker Moore. "Also, thousands of vacationers come to the area in their yachts, cruisers, and other craft, so we thought it would be a step forward to provide them with an easy means of getting to and from our bank."

American National reports a considerable number of new accounts as a result of the facility.

### A Banker's Highway Safety Program

A FIVE-POINT program for cutting road fatalities, offered by George V. Christie, vice-president of the First National Bank of Arizona, appeared in a recent issue of the

*Houghton Line*, published by E. F. Houghton & Co., Philadelphia. Here are his proposals:

(1) A national highway speed limit of 60 mph—slower in towns—and 50 mph by night.

(2) A driver convicted of drunken driving should get a mandatory jail sentence; his license should be suspended for a year; for a second offense—longer sentence, permanent loss of license.

(3) Compulsory annual inspection of cars.

(4) Junior licenses for age 16, only good in daylight hours when driver is accompanied by an adult. Juniors to take examinations when 17.

(5) Adequate patrol of highways by state police, immune to "fixes."

Mr. Christie, a former member of the President's Highway Safety Conference, says: "Too many par-  
(CONTINUED ON PAGE 8)

"You're my little pot of gold at the end of the rainbow"



BANKING



## Which one of these men is a poor insurance risk? (IT WOULD PAY YOU TO KNOW)

Agents of financial institutions, who write automobile physical damage policies under the American Plan, earn commissions in direct relationship to loss ratios. By utilizing the unique services of the American Plan Corporation they are able to reduce loss ratios, thereby increasing commissions.

American Plan research, for instance, shows that of the four occupations pictured above, only the bartender is a poor automobile insurance risk because he drives at night. Information of this nature enables producers to analyze loss sources and adopt underwriting procedures that

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(CONTINUED FROM PAGE 6)

ents fail to realize their responsibilities. Penalize the parents for hot-rodding."

### While They Last

BANKING's Chicago office prepared a "1956 Bank Holiday Calendar," distributed with this magazine's compliments.

Friends tell us it's a mighty handy gadget for such things as checking on collections, planning itineraries, and timing correspondence.

There are still copies available, but the quantity is limited—and we mean that.

You're welcome, while they last. Write BANKING, 33 South Clark Street, Chicago 3, Ill.

### Cash, Candy, and a Rival Vice-president

A UNITED PRESS reporter, after investigating the subway office of the Bowery Savings Bank in New York City, wrote a feature story about the service. He said that in its first 20 weeks of operation the facility compiled these statistics: 14,744 deposit transactions totaling \$1,822,000; 1,504 new accounts totaling \$486,000; 1,368 withdrawals amounting to \$119,000. The hours are 8 A.M. to 6:30 P.M. every banking day.

\*\*\*\*\*

Does a bebop musician get more money than a riveter for making noise?

*The average woman wants a strong man she can wind around her finger.*

The road of the automobile transgressor is hard surfaced.

*There are only a few nations left that are so backward they mind their own business.*

When divorces become so cheap poor people can afford them, the last social distinctions will be gone.

*The genius who invents a power-driven, self-parking car will make a fortune.*

A fool and his money may soon be parted, but not a fool and his car.

\*\*\*\*\*

Writer H. D. Quigg quoted Assistant Vice-president Edwin W. Goat as saying:

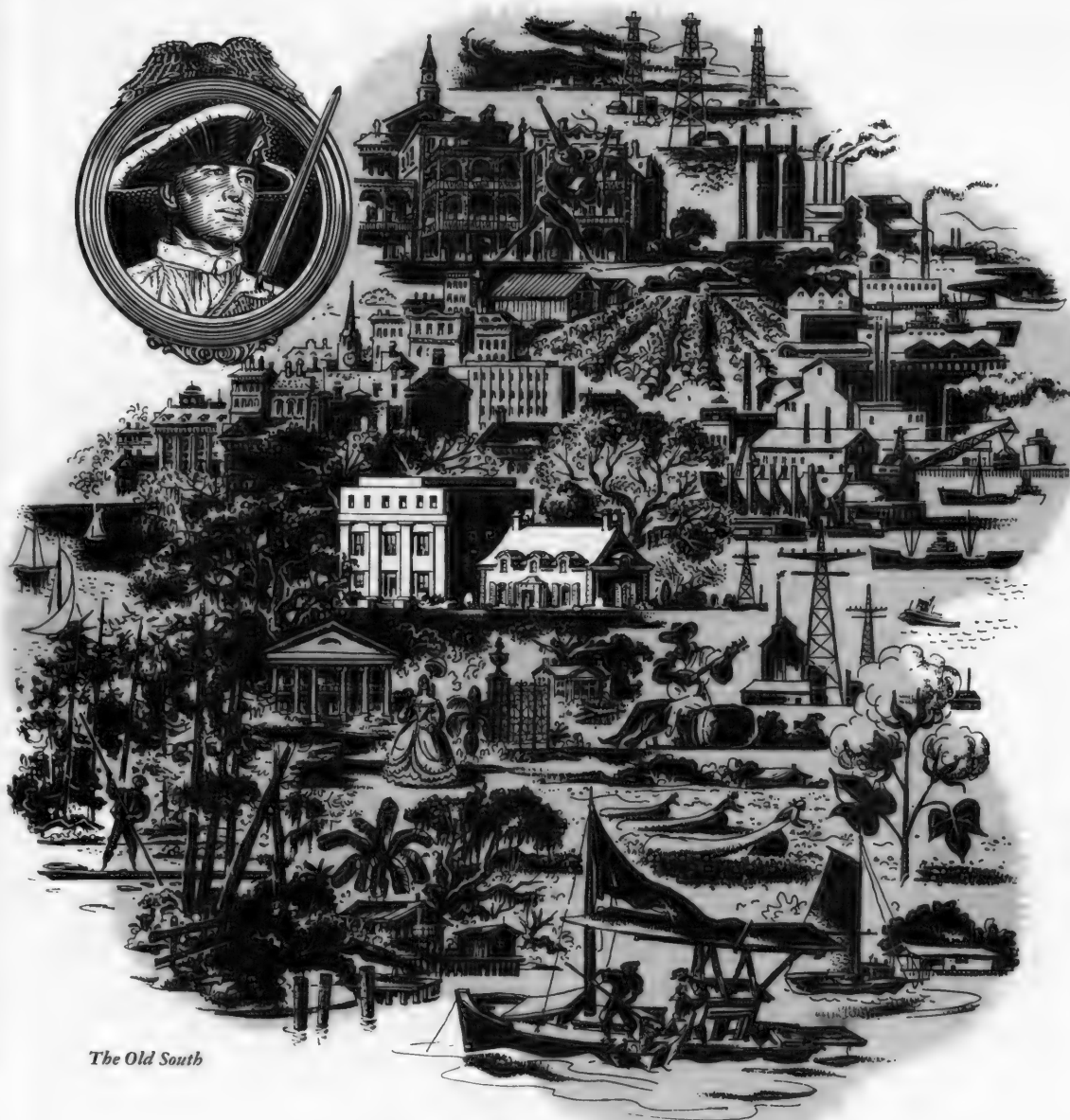
"The handwriting is on the wall. It's those hours before and after work that do the business. I can see that the day may come when banks no longer will be open during the

(CONTINUED ON PAGE 12)

Old Swedish coins minted from copper out of a mountain that supplied the Vikings with metal, were displayed in the lobby of The Washington Trust Company, Westerly, R. I. For centuries this metal financed Sweden's wars and overseas ventures, including the New Sweden colony in Delaware. The display was arranged by Mr. and Mrs. Nils V. Hansell







*The Old South*

Here romantic tradition meets the practical present. Today's pioneers, fit companions to colonial American, French and Spanish settlers, stride toward a new future. They drill beneath the sea for oil, dam rivers for vital power. They try new crops...improve old...conserve forests. New industries transform towns and harbors into internationally known cities and ports. They cherish their heritage in gay, colorful festivals...in regional foods...their way of life.

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Even the newest operators take to the Burroughs Sensimatic instantly, because they can learn to operate it in virtually nothing flat.

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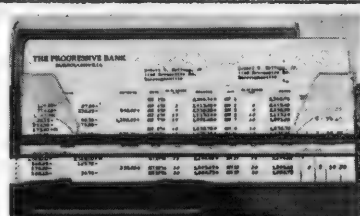
**FASTER FORM HANDLING**—A one-hand operation inserts and positions form in carriage. While carriage tabulates to posting position new amounts may be indexed. It then automatically completes posting, returns and opens.



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Resources: \$405,000,000

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(CONTINUED FROM PAGE 8)

traditional 'bankers' hours' but will open during 'public hours.'"

The subway unit, continued the story, has two tellers: "a tall one named Joe Ambrose and a petite, beautiful blonde one named Joan Smith. They reported they get all kinds of requests—mostly for directions—from out-of-town subway riders.

"One of their customers is a vice-president of another bank, located down in Wall Street. Every day he takes a subway local downtown to 42nd Street where he changes to the express. Once a week or so he visits their window and makes a savings deposit between trains, thus saving the 15 cents he would have to pay to get back in the subway if he went upstairs to bank.

"Apparently he refrains from banking in his own bank on the theory that it's none of their business how much he's salting away.

"Miss Smith confided that her loudspeaker picks up train whistles as well as customer voices. Also, in addition to money, she often gets candy bars and chewing gum through the window chute as presents from subway swains who admire her through the window."

J. L. C.



"Isn't he cute? He wants to play with the money!"

### By the Way

*The blessing in having twins is that when one cries you can't hear the other.*

As long as so many persons take themselves seriously, there will be a great deal in the world to laugh about.

*A close relative may be a skin-flint and yet be the skin-flint you love to touch.*

The mathematician who said the lesser can never contain the greater never worked in a woman's shoe store.



"I never can get straight what her husband does, but he's the biggest something or other in the bank"



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SHE was what you might call Elderly—if you didn't let her hear you. She would probably never see 75 again. Her husband, however, was a mere 50 and very dashing, but she held the purse-strings. She came into the bank, bubbling with enthusiasm.

"My boy's birthday is coming up in a few days," she said excitedly to the teller, "and I want to give him a *real* surprise. I've bought him a lovely blue suit, and in the pocket I want to put two brand new \$100 bills. You know he doesn't have much money of his own."

"Well, won't that be grand!" exclaimed the teller, and laid two \$100 bills on the counter. "Oh, but I don't want *that* kind!" exclaimed the customer. "I want *blue* \$100 bills, to match his suit, and I want George Washington's portrait on them. My husband is a great admirer of Washington."

"I'm awfully sorry," said the teller, "but you see it's the \$1 bills that carry George Washington's portrait. All the \$100 bills have Franklin's picture. And currency comes only in green—there *are* no blue bills."

"How perfectly stupid!" was the angry reply. "I just know you could give me blue bills if you cared to be

obliging. I just know one of the officers of the bank could get them for such a good customer as I am. Let me talk to one of your head men here. Such impudence!"

Of course the officer was unable to provide her with the bills to match her chosen color scheme; however, he tactfully suggested that the "long green" would make a very nice contrast to the dark blue of the suit. She agreed to that and came back to the teller, still quite upset about not being able to get the \$100 bills bearing the first President's portrait.

"Well, now, Mrs. Richmond," said the teller, soothingly, "I'm just as sorry as I can be that we don't have just exactly what you want. We *do* like to be able to please our good customers like you. But what would you think about four \$50 bills instead of the two 100s? See—we have these little currency containers with a sort of framed opening, fixed so the portrait shows through. And the \$50 bills have General Grant's picture on them—see how his whiskers show through? Why not use these four 50s if you don't like Franklin's picture?"

"Well, maybe that *would* be kind of nice," said the now more quiet lady. "I'd really rather have the blue ones with Washington's picture on them, though. I *do* think the Government ought to make bills in assorted colors—it would be so much easier and nicer when one gives them for presents. But give me the four 50s with Grant on them this time—the whiskers *do* look cute through that little frame. But next year, when his birthday comes again, I hope you'll have the kind I really want."

BELLE S. HAMILTON



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## Good turn for machine tools

**Read how banks help America's toolbuilders create the machinery for mass production.**

This is a picture of a man and a machine—working on a way of life.

The material is metal, inert and unformed. But shaped with a craftsman's skill and turned to a tolerance finer than an eyelash, it becomes a machine tool. On the assembly line it will be an instrument indispensable to mass production and irreplaceable in the American economy.

That's a pretty big bouquet to toss any industry's way. But look at the facts.

Handmade items come high. To make them at prices people can afford, you must have machines. Only ma-

chine tools can make machines, and once you make a machine, you can put it to work manufacturing products for lots of people.

There you have mass production and the open secret of American abundance. It goes without saying that commercial banks get behind the machine-tool industry when cold cash is necessary. Moreover, banking and machine tools have something in common that's awfully important to you and every other American.

Both take raw materials . . . one metal, the other money and credit, and turn them into instruments for the

national good. In plain language, the machine-tool people put machines to work and thereby create jobs. The bankers put money to work, and wherever money works you can be sure men and women work, too.

The Chase Manhattan Bank of New York, first in loans to American industry, is proud of the contribution commercial banks are making to the progress of our country.

**THE  
CHASE  
MANHATTAN  
BANK**

(MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION)

*(One of a series of advertisements appearing in New York City newspapers)*



This installation is made up entirely of standard components.

Validating equipment located on the return counters provides ample space on the main counter for the tellers' activities.

Machine recesses located in counter and acoustically treated, save teller work steps and reduce noise.



Standard check desks may be used individually or free standing back to back.



Combinations of steel, formica and fine woods may be combined to your requirements.

Mobility of pedestal units is optional. Dual control locks can be provided as needed.



**Remington Rand**  
DIVISION OF SPERRY RAND CORPORATION



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com-

Note the Kardex Customer Information File along the wall.



This attractive installation is a blending of efficient work stations with friendly customer atmosphere.

## modernize for tomorrow!

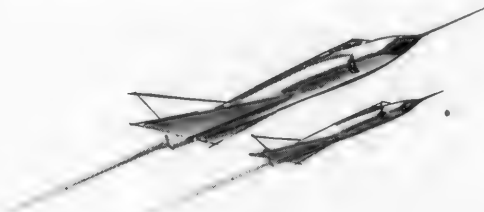
Today's installations can and should provide for tomorrow's growth. Have you considered this factor in *your* modernization plans? Our long experience with every phase of bank planning and operations assures you that Remington Rand recommendations will meet your needs not only for today... but for years to come.

The key to sound planning is flexibility. Our wide range of standard and semi-custom equip-

ment enables us to cope with any combination of factors that your individual needs may require.

Your local Remington Rand representative and our Bank Engineering Services are available (without any obligation) to assist you or your architect in planning your long-range requirements.

This service is as close as your telephone. Why not call today about a preliminary discussion? Or, write Room 1684, 315 Fourth Ave., New York 10.



*This department is compiled by  
THEODORE FISCHER of BANKING'S  
staff.*

## Sproul Leaves Fed; Hayes Succeeds Him

**A**LLAN SPROUL, president of the Federal Reserve Bank of New York since January 1, 1941, has resigned effective June 30, and will be on leave beginning June 1.

ALFRED HAYES, vice-president in charge of the foreign division of The New York Trust Company, succeeds him as president, effective August 1, 1956. MR. HAYES will complete the unexpired portion of MR. SPROUL'S term, ending February 28, 1961.

ALLAN SPROUL has spent 36 years with the Federal Reserve System, all but 10 of them in New York. He said his reasons for resigning were personal and that now his family life could take precedence over public duties. "I have no immediate plans for the future beyond returning to California and reestablishing my home there," he said.

ALFRED HAYES, the new president, was born in Ithaca, N. Y., on July 4, 1910. He was educated at Buckley School and Browning School (New York City) and at Milton Academy (Milton, Mass.), then at Harvard and Yale. He was elected to Phi Beta Kappa and received his B.A. degree from Yale. After one year at the Harvard Business School, he received a Rhodes Scholarship and spent the next two years at New College, Oxford, where his main study was in economics and where he received the B.Litt. degree. He has been in New York City banking ever since, except for the time out for service in the Navy during World War II.

Alfred Hayes



Allan Sproul



# Heard Along



Robert V. Moise



E. J. Wait



N. T. McLaughlin



W.W. Foulkes, Jr.

The newly organized Long Point National Bank of Houston, Texas, has opened in temporary quarters. President is ROBERT V. MOISE, who is also vice-president of the Bank of the Southwest, Houston. ROBERT H. BARRY, JR., was elected vice-president, and GEORGE E. SULLINS as cashier.

E. J. WAIT has joined First Western Bank and Trust Company, San Francisco, as executive vice-president to serve as the bank's senior finance officer in charge of all administrative operations concerning loans and investments. He was formerly executive vice-president of First National Bank of Nevada, Reno.

ROSS HAMM has joined Exchange Bank & Trust Company, Dallas, as a vice-president. He was formerly vice-president of the Terrell (Texas) State Bank, with which he had been associated since its organization.

NOREL T. McLAUGHLIN, manager of the safe deposit department of American Fletcher National Bank and Trust Company, Indianapolis, is new president of the American Safe Deposit Association. He's a past president of the Indiana Safe Deposit Association and is a member of the Safe Deposit Committee of the Indiana Bankers Association which he served as chairman for four years during the development of the Indiana Manual.

WILLIAM W. FOULKES, JR., has been named a vice-president of the First National Bank of Jersey City, N. J., and will direct the bank's consumer credit department. He's an alumnus of The Graduate School of Banking.

Plans are being prepared for a new branch for FIRST AMERICAN NATIONAL BANK of Nashville, Tenn. This will make 16 offices for the bank in the Greater Nashville area.

The commuters branch of the FIRST WESTCHESTER NATIONAL BANK, New Rochelle, has marked its 15th anniversary. The first railroad station branch bank of its kind in the country, it was started 15 years ago in a bay window of the station, from which a bootblack had to be persuaded to move his stand. The original space was five by seven feet, and employees had to enter through a door 20 inches wide by three feet high. In 1953 the bank moved into larger quarters in the station. Since 1941 more than 12,000 new accounts have been opened at the branch; the

# Main Street



John J. Evans



F. A. Rager, Jr.

peak year was 1955 with 1,500 new accounts. AGATHA BLASI, manager, has been with the branch for 8½ years.

JOHN J. EVANS and FREDERICK A. RAGER, JR., were appointed representatives in the out-of-town division of The Hanover Bank, New York. MR. EVANS represents the bank in Indiana, Illinois, Minnesota, and Wisconsin; MR. RAGER's field is Ohio and Michigan.

DONALD LESTER WAAGE, public relations director for the Minnesota Bankers Association, Minneapolis, has resigned to become staff assistant in the department of taxation and finance of the United States Chamber of Commerce in Washington, D. C.

## NYSSDA Meet Set

THE NEW YORK STATE SAFE DEPOSIT ASSOCIATION has its program complete for its convention September 20-22 at The Waldorf-Astoria, New York. This meeting has a special significance for the association, for it is the golden anniversary convention. The New York State Safe Deposit Association is the oldest and largest organization of its kind in the country. Its officers are:

President, GUSTAV S. FISCHER, assistant treasurer, The Hanover Bank, New York; first vice-president, EDWARD J. SCHAUER, assistant secretary, Dollar Savings Bank, New York; second vice-president, ALBERT W. KELLETT, assistant cashier, Williamsburg Savings Bank, Brooklyn; secretary, ANDREW ORESTE, JR., as-

sistant secretary, Sterling Safe Deposit Company, New York; treasurer, JOHN H. HUGG, manager, safe deposit department, Bowery Savings Bank, New York. RAYMOND J. WALTER is executive secretary.

Two branch offices of FIDELITY NATIONAL BANK of Baton Rouge, La., have moved into new buildings.

ALBERT L. NELSON, formerly with Merchandise National Bank of Chicago, has joined The National Bank and Trust Company of South Bend, Ind., as auditor.

A 17-story office building and garage will be erected by Gravier Improvement Company, Inc., a wholly owned subsidiary of THE NATIONAL BANK OF COMMERCE in New Orleans, on the bank's parking lot. The building will have 10 office floors, and six garage floors will provide parking for about 275 cars.

FRANK SMATHERS, JR., was named assistant to the president and trust officer of The Miami Beach First National Bank. He had been vice-president and trust officer and has been with the bank for the past 20 years. He is active in the Florida Bankers Association and the Amer-



When Bank of the Southwest, Houston, opens its fine new building in mid-June, the tellers will be dressed as above. Each male teller gets two jackets—one navy, one tan, to be worn with matching or harmonizing trousers. Each female teller gets two 2-piece dresses of Italian silk—one navy, one charcoal, both in "princess style with jeweled trim." All are custom fitted. Vice-president Michael Davis inspects the "uniforms"

ican Bankers Association, is an alumnus of The Graduate School of Banking, and has served on its board of regents.

CHARLES S. KRUMRINE, president of Liberty Real Estate Bank & Trust Company, Philadelphia, was elected chairman of Group 1, Pennsylvania Bankers Association, for a one-year term succeeding WILLIAM B. WALKER, executive vice-president of First Pennsylvania Banking & Trust Company. He heads the group, composed solely of Philadelphia banks, for the second time, having served

(CONTINUED ON PAGE 21)

Robert W. Sparks, right, first vice-president and treasurer, Bowery Savings Bank, New York, receiving from John R. Buckley, national director of the U. S. Savings Bonds Division, a Distinguished Service Citation for his support of the bond program



# HUSBAND GONE...

thank heaven the bank saved my home

*How many wives of your mortgage customers will be able to say that about your bank? Will far too many lose their homes as well as their husbands?*

*Today* Federal Mortgage Redemption Insurance lets you offer your customers protection against such tragedy at very low cost.

*Progressive banks* throughout the country have proven the strong customer appeal of Federal's unique insurance plan. These banks appreciate its simplicity—its lack of costly bookkeeping. You see it's a plan designed *by bankers for bankers* from almost 50 years of experience in the personal protection field. Why not make it a part of your community relations program? *Simply write us for Federal's Mortgage Redemption Plan Portfolio today.*

COMPLETE CREDIT LIFE AND DISABILITY PLANS ALSO AVAILABLE FOR YOUR INSTALLMENT LOAN DEPARTMENT.

# FEDERAL

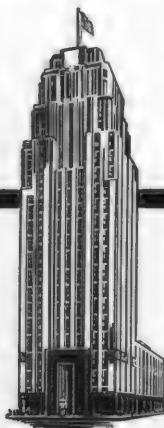
LIFE and CASUALTY COMPANY

## Federal Offers You:

A Custom Designed Plan based on careful study of your operations • Proven Customer Appeal • Simplified Streamlined Procedure • Complete Flexibility including Health and Accident coverage • Prompt Service • All Promotional Tools.

## HIGHEST RATING

See Best's and Dunne's for reasons why Federal enjoys their unqualified recommendation.



## PERSONAL PROTECTION SINCE 1906

JOHN H. CARTON  
President

HAROLD L. BUCK  
Vice President and Manager  
Credit Insurance Division

WOLVERINE FEDERAL TOWER • BATTLE CREEK, MICHIGAN • REGIONAL SERVICE OFFICES FROM COAST TO COAST



## MAIN STREET (Continued)

as chairman about 10 years ago. **WILLIAM A. DAY**, board chairman of First Pennsylvania Banking & Trust Company, was elected vice-chairman. Secretary-treasurer is **PETER WILLIAMS**, vice-president of Western Saving Fund Society.

**LAWRENCE W. NORTRUP**, cashier of the Bank of Park Forest, Ill., has been named vice-president and cashier.

**CITIZENS & SOUTHERN NATIONAL BANK**, Atlanta, has announced a building, remodeling, and repair program affecting nine of its offices. It will cost approximately \$2,100,000 and will include five new buildings—in Atlanta, Newnan, Augusta, Macon, and Thomaston.

**JENKINTOWN (Pa.) BANK & TRUST COMPANY** held a "New Look Day," an open house to show the results of its year-long renovation program.

**JOHN E. HAUSS** and **MAX L. BAUGHMAN** were elected vice-presidents of La Salle National Bank, Chicago. **WILLIAM B. HIGGINBOTHAM** was named trust officer and assistant secretary.

**EAST RIVER SAVINGS BANK**, New York, has amended its by-laws so that trustees now serving will automatically terminate trusteeship at the age of 75, and in the future trustees elected to the board will vacate office at 70.

**JAMES F. MCCARTHY**, head of the advertising and public relations department of The County Trust Company, White Plains, N. Y., was ad-



At the head table at recent banquet of Columbia (S.C.) Chapter, A.I.B., are l. to r., **Robert C. Rutherford**, national secretary of A.I.B.; **Henry Y. Rile**, president of Columbia Chapter; **Dr. Harold Stonier**, dean of The Graduate School of Banking (guest speaker); and **Mrs. Harold Stonier**

vanced to assistant vice-president. He's a graduate of the American Institute of Banking, the Financial Public Relations Association School at Northwestern University, and now attends The Graduate School of Banking.

**GEORGE BERGER** has been named assistant manager of the Check Clearing Bureau of the Nassau County Clearing House Association, Freeport, N. Y. He had been associated with the Federal Reserve Bank of New York for the past 15 years.

**CHARLES M. MARSTELLER**, assistant vice-president of Suburban Trust Company, Hyattsville, Md., has been elected president of the District of Columbia Society, Sons of the American Revolution. Mr. MARSTELLER is chairman of the Consumer Credit Committee of the Maryland Bankers Association and a member of the Advisory Board to the Instalment Credit Commission of the American Bankers Association.

The Stockton (Calif.) office of **CROCKER-ANGLO NATIONAL BANK** of San Francisco has opened in its new fireproof building. It has drive-in teller service and a customer parking lot.

**HARRIS TRUST AND SAVINGS BANK**, Chicago, needed more room so it bought two adjoining buildings.

**W. R. MILFORD**, president and chairman of the County Trust Company of Maryland, Cambridge, has retired as president and has been named honorary chairman of the board. He is succeeded as president by **DELBERT DAVIS**, formerly president of the Farmers & Merchants Bank in Salisbury, Md.

**BANKERS TRUST COMPANY**, New York, has awarded the contract to build an uptown branch office at 48th Street and Madison Avenue. This will be the 18th bank constructed in New York City by the William L. Crow Construction Company, which also is building the new structure for the Buffalo Branch of the Federal Reserve Bank of New York.

**CARL BEYER**, a practicing attorney, has been named a trust officer of the Canal National Bank, Portland, Maine.

The **UNITED STATES NATIONAL BANK** of Denver had to move only six blocks to its new \$2,000,000 building in the Mile High Center, but it was the largest bank move ever made in Colorado. Safe deposit boxes and the trust department moved over the week end of May 11-14. May 25 marked the second phase—and a



**Thomas C. Boushall**, president of The Bank of Virginia, Richmond, receives the 1956 Distinguished Service Award, highest honor given annually by the Virginia State Chamber of Commerce, from **Stuart T. Saunders**, chairman of the Chamber's award committee



## COMING UP

### ... still more expansion in cement supply

As you read this today the cement industry is expanding, improving, growing at an unprecedented rate . . . building for the future needs of a nation on the move. By this time next year total annual producing capacity will rise from the previous record of some 320 million barrels in 1955 to a new high estimated at 365 million barrels or even *more*. That's a 14 per cent increase *on top of the greatest capacity ever before achieved*.

Marquette is part and parcel of this movement, and even *ahead* of the industry growth rate. We're increasing our own total capacity from 13.6 million to more than 16.5 million barrels annually. That's over 22 per cent.

When you think of cement, think of progressiveness and growth. And **Mark V Marquette** for high priority in your thinking.

## MARQUETTE Cement

ONE OF AMERICA'S MAJOR CEMENT PRODUCERS

Operating eight cement producing plants in Illinois, Iowa, Ohio, Missouri, Tennessee, Mississippi and Georgia—and two more on the way

**ANNUAL CAPACITY 13,600,000 barrels**  
—and some 3,000,000 additional barrels on the way

MARQUETTE CEMENT MANUFACTURING CO. • 20 N. WACKER DRIVE • CHICAGO 6, ILL.

big one it was. For there were formal opening ceremonies on May 26 with the public invited to an "open house." The bank opened for business in its new building on May 28. The new building features drive-in windows along a driveway which goes right through the building; there's also a parking area. A tunnel connects the bank with other parts of the Mile High Center.

CHARLES E. MOORE, assistant vice-president of State Planters Bank of Commerce and Trusts, Richmond, has been elected to a second term as treasurer of the Virginia State Chamber of Commerce, of which he is also a director. He's a member, too, of the Richmond Chamber of Commerce.

L. F. WARD, vice-president of First National Bank of Nevada, has been appointed head of the loan production department at the bank's head office in Reno. He succeeds E. J. WAIT, executive vice-president, who recently joined First Western Bank and Trust Company, San Francisco.

LESTER R. MAHONEY, vice-president of the Chase Manhattan Bank, New York, has been elected a trustee of Flatbush Savings Bank, Brooklyn.

Vice-president WILLIAM J. SNOW, JR., of Bankers Trust Company, New York, has been named administrator.  
(CONTINUED ON PAGE 24)

Mrs. Kathryn Semple, of the staff of the First National Bank of Memphis, was Queen of Crown and Scepter at the Memphis Cotton Carnival



## FORMICA CORPORATION

*invites you to participate  
in its new program of  
home improvement via your  
installment credit plan*

With your kind assistance Formica's independent fabricator businessmen can render additional service to their local communities in support of "Operation Home Improvement."

We are currently acquainting our Formica fabricators with the advantages of making available to their customers a "Selected Time Payment Plan." They will welcome your help when undertaking such a program.

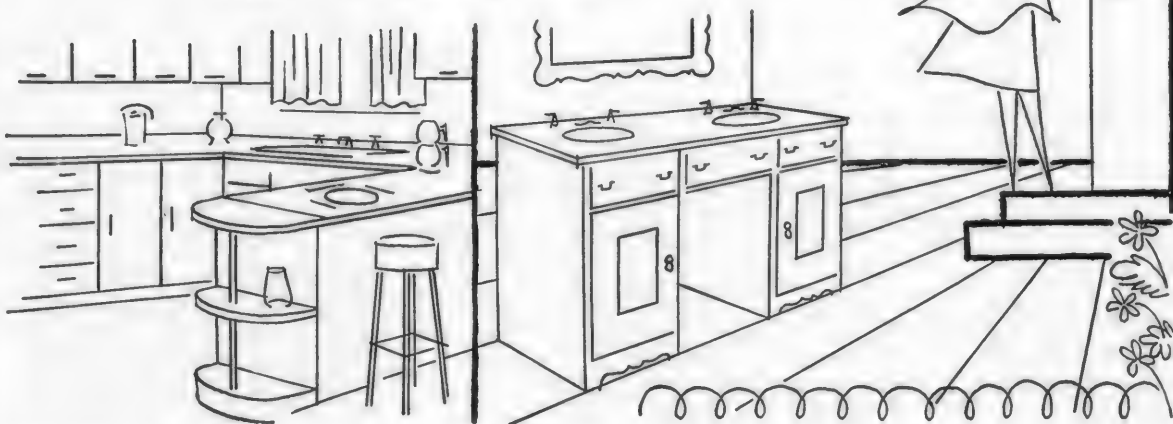
Your Installment Credit Officer may like to have a copy of our "Facts" folder, which explains the program in detail. It is available immediately. Just ask for "Facts" (Form 653). Formica Corporation, subsidiary of American Cyanamid, 4556 Spring Grove Ave., Cincinnati 32, Ohio.



### FORMICA DOES MORE TO MODERNIZE HOMES

After its initial cost, Beauty Bonded Formica is "home free." It never needs polishing, refinishing or painting. It resists scratches, spilled drinks and cigarette burns, too. Formica's durable decorator colors and beautiful wood grains are ideal for today's home remodeling. Formica is as easy to live with as it is practical to use.

Formica fabricators are listed under "Plastics" in the classified section of your telephone directory. May we ask that you give them a call at your convenience? Your kind consideration is sincerely appreciated.



FOR QUALITY PROPERTY INSURANCE, SEE YOUR HOMETOWN AGENT!

## businessmen at work



These men are tending to business. Very much so!

They are taking a quick "refresher course" on property protection—learning how insurance has changed, and how to get the most benefit from modern business insurance.

You or your businessmen's group can arrange for such an up-to-date presentation through the agent or broker of The Home Insurance Company. He knows all the policies and how to make them serve your needs best.

Naturally, he sells *quality* insurance. Every good businessman knows you get what you pay for—and you get most value when you buy the best. That's especially true of insurance, whether it's on your business, your home, your car or anything else you own.

Why not talk to your Home Insurance man soon? You'll find it's time well spent.

# THE HOME

ORGANIZED 1853



## Insurance Company

Home Office: 59 Maiden Lane, New York 8, N. Y.  
**FIRE • AUTOMOBILE • MARINE**

The Home Indemnity Company, an affiliate, writes  
Casualty Insurance, Fidelity and Surety Bonds

A stock company represented by over 40,000 independent local agents and brokers

## MAIN STREET (Continued)

tive assistant to J. P. DREIBELBIS, senior vice-president in charge of the banking department, and has been appointed head of a newly formed personnel administration division.

O. B. WOOLDRIDGE, vice-president in charge of the Portsmouth office of The Bank of Virginia, was chosen to receive Portsmouth's 1955 First Citizen Award for his services to the community.

THE HANOVER BANK, New York, has presented to the UNION NATIONAL BANK of Frenchtown, N. J., a testimonial commemorating 100 years of banking relations between the two banks. UNION NATIONAL was one of the HANOVER's earliest correspondents.

STANLEY W. EVANS, vice-president of The Live Stock National Bank, Sioux City, Iowa, was elected treasurer and member of the board of directors of the Sioux City Chamber of Commerce.

WILLIAM H. CLINE, JR., who heads up the mortgage-servicing division of the Franklin National Bank, Franklin Square, N. Y., has been advanced to vice-president.

WILLIAM H. VERNON, executive vice-president of the Santa Fe (N. Mex.) National Bank, has been  
(CONTINUED ON PAGE 26)

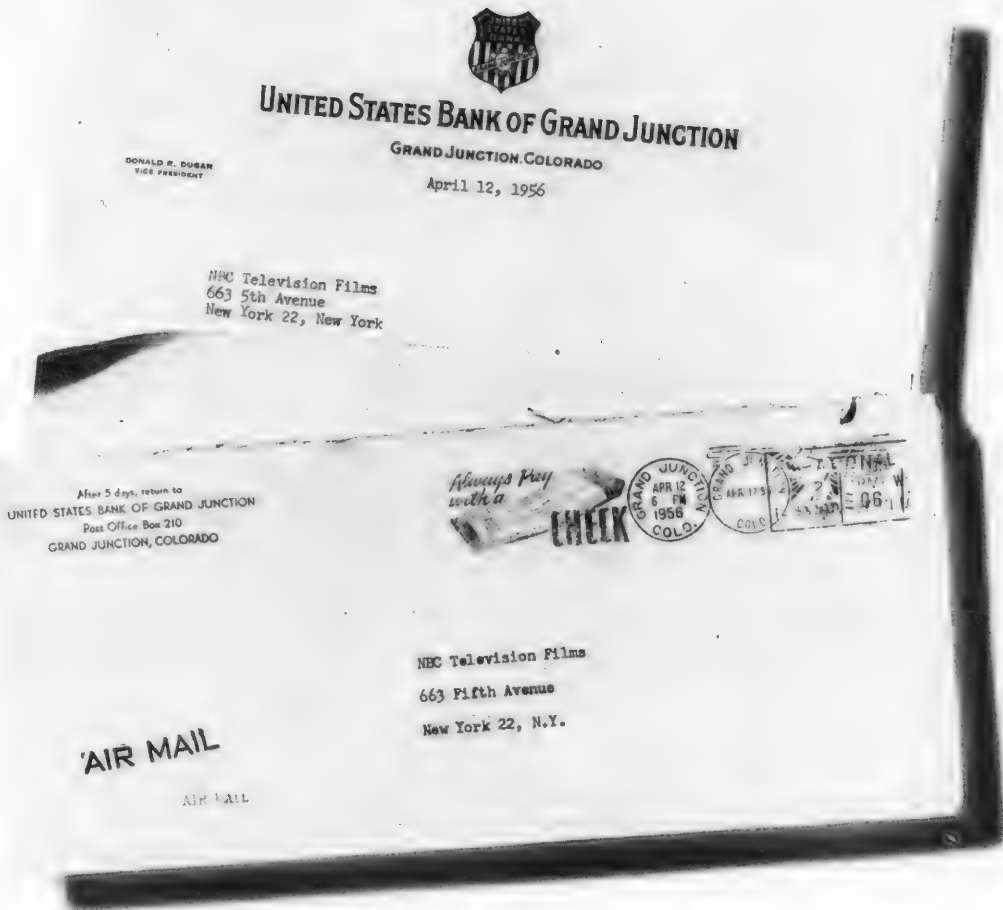
Crocker-Anglo National Bank, San Francisco, opened these two new buildings for established offices within a two-week period recently



BANKING



# Gildy gets fan mail from bankers



Trust THE GREAT GILDERSLEEVE to win new friends for banks. Following a visit by Gildy (Willard Waterman), Mr. Donald R. Dugan, Vice President of the United States Bank of Grand Junction, Colorado, wrote: "We gained a tremendous insight to the fact that his show has a very wide audience appeal. People who flocked to our bank to say hello

and visit with Mr. Waterman ranged in ages from 6 to 60. Willard did a terrific job while he was here in selling himself, his TV show and our bank." Plain to see, Gildy's warm personality is especially valuable to commercial banks, savings banks and lending institutions. Check now to see if this half-hour family comedy series is available in your market.



## The Great Gildersleeve

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# Australia

## from a business point of view

*This booklet will assist anyone contemplating establishing a business in Australia, whether it is a small retail business or a large manufacturing company.*

Written with the authority of Australia's oldest and largest joint-stock bank, it offers those who wish to start a new enterprise in that young but growing country a short account of the framework of business organization throughout the Commonwealth of Australia. It also affords some knowledge of the problems and conditions which would be met.

If you have customers interested in establishing a business in Australia, you may obtain free copies of this book from:

## BANK OF NEW SOUTH WALES

BRITISH & FOREIGN DEPARTMENT, SYDNEY, AUSTRALIA  
JOHN W. McEWEN, Manager

## EXUBERANCE

Not long ago one of our bank customers decided to process its accounts by number rather than by name, and therefore it became necessary to imprint account numbers on all checks. Because of the operating economies anticipated, the bank was willing to absorb the entire cost of supplying all accounts with fully imprinted checks.

Well, it so happened that this particular bank had done a bang-up job of selling imprinted checks to its customers over a period of years, with the result that only five thousand out of twenty-five thousand accounts were using blank checks. We pointed out that to provide now at no cost what had previously been sold would mean a big loss in revenue, plus an extra seven thousand dollars for those who had not bought.

It was decided to offer fifty imprinted checks free to those who still used blank checks, after which they could reorder at their cost the same as the

other accounts, and only then to supply ordinary "Line Checks" to those who did not respond. Line Checks would merely have the name over the signature line and the account number underneath, and would not have the same value nor present the same appearance as fully personalized checks so they could be supplied free without affecting the larger group that was paying for its checks.

We have not as yet received the final figures on this deal, but we predict that this particular bank will have made the switch to imprinted account numbers at a fraction of the cost that otherwise would have been imposed. So, while we love the exuberance that justifies absorbing the cost, we believe it should be tempered to the extent of counting this cost. The point is that the more checks you sell today, the less you will have to give away later if you make the switch to account numbering.

**De Luxe**  
CHECK PRINTERS

Manufacturing Plants at: CLIFTON, PAOLI, CLEVELAND,  
INDIANAPOLIS, CHICAGO, KANSAS CITY, ST. PAUL

## MAIN STREET (Continued)

sworn in as a member of the New Mexico bar.

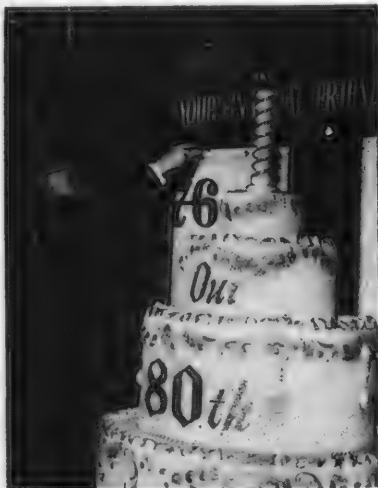
KENTON R. CRAVENS, president of the Mercantile Trust Co., St. Louis has been elected president of the United Fund of Greater St. Louis, which raises more than \$8,000,000 annually for support of the community's health, welfare, and character-building agencies. DAVID R. CALHOUN, JR., president of the St. Louis Union Trust Co., was reelected a vice-president.

## Didier Honored

R. IRBY DIDIER, executive secretary of the Louisiana Bankers Association, was initiated an honorary member of Beta Gamma Sigma, honorary scholastic commerce fraternity, at Louisiana State University. MR. DIDIER has for many years been editor of the *Louisiana Banker* and helped pioneer the establishment of the School of Banking of the South at LSU, and serves it as registrar.

JOHN W. HANCOCK was elected first president of the new The First State Bank of Louis, Texas, which opened on May 7. MR. HANCOCK is a rice farmer and rancher, and officer, director, or partner in a number of companies. He's a past member of the National Rice Industry Advisory Committee to the Com-  
(CONTINUED ON PAGE 28)

Irvin M. Shlenker, board chairman of Houston (Texas) National Bank, uses a long taper to light the candle on the Texas-size birthday cake celebrating the bank's 80th anniversary





# Nobody knows this embezzler's EQ\*

*\*Embezzlement Quotient*

You can't judge a book by its cover, or an embezzler by his face. What is even harder to probe, investigators say, is the defaulter's EQ, that is, his thieving capacity—how far will he go? How deep? Headlines prove that many losses, hopefully supposed small, prove overwhelming at the final count, like a recent \$300,000 default, or the one for more than \$2 million. This inflationary trend suggests that, for some, Fidelity coverage (part of Bankers Blanket Bond) needs reappraisal.

Indemnity Insurance Company of North America, through its agents, is a good place to start. Its leading position as independent underwriter gives it the unusual capacity and coverage, and the specialized service and prevention program that mean Extra Value in protection. Indemnity's findings in bank losses, with recommendations and check-list, are contained in its study, "Portfolio of Protection for Banks." Ask the Indemnity agent or your broker to show you a copy.

*One of the North America Companies which are headed  
by Insurance Company of North America, founded 1792*



*Protect what you have ©*

INDEMNITY INSURANCE COMPANY OF

**NORTH AMERICA**

Philadelphia



*One of the  
leaders  
in the  
development  
of  
the  
South's  
Commerce,  
Industry  
and  
Agriculture*

## MAIN STREET (Continued)

modity Credit Corporation. L. S. STOCKTON was elected executive vice-president and cashier of the new bank; A. T. LEVERIDGE, JR., was named attorney and director.

The FIRST NATIONAL BANK of Mobile, Ala., is building in Bayou la Batre its fifth branch office. Opening is scheduled for fall.

CLARENCE F. EDNER and ROBERT W. LEWIS have been elected vice-presidents of First Western Bank and Trust Company, San Francisco. Mr. Edner is a member of the Executive Council of the American Institute of Banking.

## In "Piecemeal" Move

FIDELITY UNION TRUST COMPANY, Newark, N. J., after 35 years in one spot, is going to move. In fact, it has already started—but the move will be piecemeal. Its present quarters are being razed, also piece-by-piece, to make way for the Prudential Insurance Company of America's new \$20,000,000 office center.

Eventually the main FIDELITY office will be a 7-story air-conditioned building. For now, bank customers will continue to do business at the same location, but five operating departments are already functioning four blocks down the street. Bank operations will be divided among at least three downtown Newark buildings, pending completion of the new quarters.

The first part of the move, undertaken the first week end in May, required no heavy guard protection because no currency or negotiable papers were involved. It had to be done quickly, though, because one of the departments was the proving and transit division, which processes an average of 124,000 checks daily.

A few employees get in some last-minute work as proving and transit division of Fidelity Union Trust Co., Newark, N. J., is moved. Photo was taken at 10 P.M. in the midst of moving



A. J. Carnesi



P. D. Aschbacher

A. J. CARNESI was promoted to vice-president of First National Bank at Brownsville, Texas. PAUL D. ASCHBACHER succeeds him as cashier.

LEWIS A. WILTON has retired as comptroller of The Bank of California, N.A., San Francisco, after nearly 40 years of service.

Recently named vice-presidents at Mellon National Bank and Trust Company, Pittsburgh, are: HENRY M. CURRY, 3RD, CURTIS E. JONES, ALBERT J. HOOD, and WILLIAM F. REED.

Proposed merger: PRINCETON (N. J.) BANK AND TRUST COMPANY and the HOPEWELL (N. J.) NATIONAL BANK. The Princeton bank was chartered in 1934; the Hopewell bank in 1889. Combined resources would exceed \$26,000,000.

National Bank of Commerce, Pawhuska, Okla., has elected three new directors: WALTER JOHNSON, funeral home operator, and FRED CRADDOCK and FRED DRUMMOND, ranchers.

The TUPPER LAKE (N. Y.) NATIONAL BANK holds an open house on June 18, the 50th anniversary of its charter. There will be a special open house on June 19 for visiting bankers, with dinner and entertainment. The bank has published a souvenir brochure outlining the his-

(CONTINUED ON PAGE 30)



# POWER AT WORK for better living



*This morning someone "broke ground" for a new dream home.*

**An Allis-Chalmers Tractor Shovel dug the basement.**



*A pipe line brings oil and gas from a field 1,000 miles away.*

**Allis-Chalmers tractors cleared the right-of-way and lowered in the pipe.**



*Children play in a clean, grassy park since the sanitary landfill system has put the city dump underground.*

**An Allis-Chalmers tractor digs the trench and buries the refuse leaving level, useful land.**



*Fresh fruits, vegetables and dairy products come to market daily over a network of farm-to-market roads.*

**Allis-Chalmers motor graders help build these vital feeder lines — then keep them smooth and open, summer and winter.**

These are just a few of the many ways Allis-Chalmers construction machinery provides power to raise our standard of living . . . just a few of the reasons why they represent a sound investment to owner, bank and community.



*Great dams harness rivers assuring a supply of water and electric power for homes and other uses.*

**Allis-Chalmers Motor Scrapers move millions of yards of earth and rock to help build these dams.**

ALLIS-CHALMERS, CONSTRUCTION MACHINERY DIVISION  
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## ALLIS-CHALMERS





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*Use our general banking facilities.*

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**OVERSEAS**  
**OFFICES:** London, New York & Calcutta

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INSURANCE  
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67 Barclay St. N.E.—Grand Rapids 3, Mich.

## MAIN STREET (Continued)

tory of Tupper Lake and the part which the bank has played in its development.

The EAST ATLANTA BANK has become the East Atlanta branch of the TRUST COMPANY OF GEORGIA.

AMERICAN EXPRESS is resuming commercial banking in Germany after a lapse of 15 years. It has established a headquarters office in Frankfurt, with six branch offices at Bremen, Bremerhaven, Heidelberg, Munich, Stuttgart, and Wiesbaden.

The Citadel, the military college of South Carolina in Charleston, recently held a Banking Day. The program was sponsored jointly by the Department of Business Administration of the college and the Economics Honor Society to give to the seniors a better understanding of the problems and practices in money and banking.

## Jones Gets Award

A PRESIDENT'S Prayer Award was presented by the U. S. Treasury to Gordon Jones, A.B.A. Savings Bonds chairman for Georgia, and executive vice-president, Fulton National Bank of Atlanta. The presentation at the Georgia Bankers Association convention was made by FRED F. FLORENCE, A.B.A. president and president of Republic National Bank of Dallas, acting for Treasury Secretary Humphrey. MR. JONES was not present, so the award was accepted in his name by ERLE COCKE, A.B.A. vice-president, and vice-chairman of the board of Fulton National Bank of Atlanta.

Erle Cocke, second from left, accepts for Gordon Jones a U. S. Treasury President's Prayer Award from Fred F. Florence, acting for Treasury Secretary Humphrey. At left is Monroe M. Kimbrel, vice-president of Georgia Bankers Assn. At right, William C. Clary, Jr., president of GBA



Richard Ream



Chester Leaber

RICHARD REAM was appointed a vice-president of the Citizens Bank of Michigan City, Ind. He was formerly with City National Bank and Trust Company of Chicago. He's an alumnus of The Graduate School of Banking.

CHESTER R. LEABER was appointed a vice-president of the First National City Bank of New York. He has extensive overseas experience, having served in the bank's branches at Shanghai, Peiping, Rangoon, Tokyo, Calcutta, Bombay, Mexico City, and Manila. He is now with the overseas division at the bank's head office.

LEROY CLARK, JR., vice-president of the Bank of New York, has been named chairman of the banking committee of The Lighthouse of The New York Association for the Blind. He will organize members of the banking profession to participate in the campaign to raise funds for The Lighthouse.

FLOYD L. CALLAHAN, executive vice-president of the Matteawan National Bank of Beacon, N. Y., was tendered a testimonial surprise party upon completion of 50 years in banking. FREDERICK W. HEANEY, the bank's president, was toast-



W. A. Stoecker



Charles Daley

master. Among the 40 guests were five representatives from the Bank of New York in New York City.

WALTER A. STOECKER, assistant vice-president of The Marine Midland Trust Company of New York, has been assigned to represent the bank in the southeastern states in association with JAMES J. GALLAGHER, vice-president.

CHARLES S. DALEY, manager of the Walton Way office of the First National Bank & Trust Company of Augusta, Ga., has been elected a vice-president and assistant trust officer.

O. DOOLEY DAWSON, vice-president and manager of the agriculture department of Bank of the Southwest, Houston, Texas, has been named by the Texas Education Agency to the Advisory Committee on Conservation Education.

DR. LEROY LEWIS, educational director of the American Institute of Banking, delivered the commencement address at McAlester (Okla.) high school. He graduated from the school in 1926 and is the first graduate to return as commencement speaker.

The CLEVELAND TRUST COMPANY'S Madison-Warren office in Lakewood, Ohio, now offers Lakewood's first drive-up banking. The bank plans extension of this service at other branches in its chain of 63 offices.

H. O. JOHNSON, executive vice-president of First Western Bank and Trust Company, has transferred from the Oakland Central office to headquarters in San Francisco, where he has been given senior administrative duties. Vice-president G. F. POWERS has been named manager of the Oakland Central office.

C. J. JEDLICKA, vice-president of City National Bank & Trust Co.,



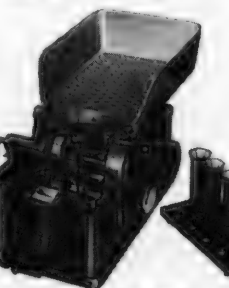
**MODEL 250**  
**BRANDT AUTOMATIC CASHIER**  
Delivery chute type. Coins delivered direct to customer upon depression of a single key.



**MODEL 150**  
**BRANDT AUTOMATIC CASHIER**  
Trap door type. Coins delivered to customer by operator following depression of a single key.



**MODEL SL — BRANDT**  
**COIN SORTER AND COUNTER**  
Motor driven. Sorts and counts mixed coins, pennies to half dollar, inclusive. Features new "quick take-apart" construction permitting quick, easy access to many of the working parts.



**MODEL CHM — BRANDT**  
**COIN COUNTER AND PACKAGER**  
Motor driven. Handles all coins from pennies to silver dollars, inclusive. Mechanical improvements make for speedier packaging of coins with less effort. Hand operated machine is also available.

*use  
reliable*

## BRANDT MACHINES

PAY, SORT, COUNT and PACKAGE coins mechanically with reliable BRANDT machines so that ABSOLUTE ACCURACY may be assured and in order that this work may be done with GREAT SPEED.

ABSOLUTE ACCURACY and GREAT SPEED in performing such tasks mean reduced costs to you. Customers will appreciate the improved service you can give them with BRANDT machines.

BRANDTS are durably constructed and have established an enviable record because of the long period of outstanding service they render.

**B R A N D T**  
**AUTOMATIC CASHIER CO.**  
WATERTOWN • WISCONSIN  
*Established 1890*

"Brandt" and "Cashier" registered United States Patent Office and Canadian Trade Marks Office



One-minute or 20-second spots. Animation, clever dialogue, sophisticated humor . . . and persuasive selling! NOW . . . exclusively yours in your area. Quality production. Covers different banking services. Integrates your own sales message, Drive-In banking, checks, location, building, etc. AT LOWEST RATES! Silent or Sound. Sold as outright purchase for indefinite use and any frequency.

35mm prints available for theatre or Drive-In Theatre usage if purchased for your market.

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Kansas City, Mo., has been elected president of the Retail Credit Association of Kansas City.

RUSSEL A. SWANEY, manager of the Detroit Branch of the Federal Reserve Bank of Chicago, served as general chairman of the 1956 Michigan Week observance held May 20-26. Michigan Week promotes Michigan as a great place in which to "live, work, and play."

DOUGLAS C. MURPHY has been designated vice-president responsible for loans at State Bank of Suffolk, Bay Shore, Long Island. He was formerly with Chase Manhattan Bank, New York.

FRED F. FLORENCE, president of the A.B.A. and of the Republic National Bank of Dallas, was named "Headliner of the Year" at the annual Gridiron Dinner of the Dallas Press Club. He was still busy making headlines and accepted the honor by proxy, via a radio hook-up between the Hollywood Beach Hotel, Hollywood, Fla., and the scene of the actual award, the Statler Hilton Hotel in Dallas. MR. FLORENCE was in Florida to address the convention of the Florida Bankers Association.

UGO J. LISI, has been named vice-president and agent in charge of New York Agencies of Banco de Ponce, Puerto Rico, with headquarters at 51 Broadway. MR. LISI was formerly with Hudson Trust Company, Jersey City, N. J. He's an alumnus of The Graduate School of Banking, class of 1950.



G. H. Robertson



Earl Harkness

GORDON H. ROBERTSON has advanced to president of Mercantile National Bank of Miami Beach, Fla.

EARL HARKNESS has been named chairman of the board of The Greenwich Savings Bank, New York City, succeeding CLARENCE M. FINCKE, retired. MR. HARKNESS serves also as president, chief executive officer, and a trustee.

More than 500 bankers from the midwest and southwest were guests of MERCANTILE TRUST COMPANY, St. Louis, for the opening home game of the 1956 major league baseball season. There was a cocktail party and buffet supper at the Chase Hotel, and a fleet of buses took the bankers to Busch Stadium for the evening game between the Cards and the Braves.

MARTIN J. TRAVERS, vice-president of the Marine Trust Company of Western New York in charge of offices in the Niagara Falls area, has received the honorary degree of Doctor of Commercial Science from Niagara University. He's an alumnus of The Graduate School of Banking and is permanent president of its Class of 1946. He was national president of the American Institute of Banking (1951-52).

This is the new home of Jefferson Bank and Trust Co., the first all-new bank constructed in metropolitan St. Louis since 1928





You are cordially invited to attend  
the Formal Opening of our  
NEW BANKING HOUSE

SUNDAY, JUNE 17, 1956



*Dedicated to serve the growing  
financial needs of those  
who are building the great Southwest.*

**Bank of the  
Southwest**

NATIONAL ASSOCIATION, HOUSTON

RESOURCES OVER 300 MILLION DOLLARS • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

# Your direct wire to the Bond Market



Another reason why more and more bankers are turning to

## Manufacturers Trust Company

If you wish to buy or sell any types of United States Government, State or Municipal securities, we can help you.

Manufacturers Trust deals in these securities at *net* prices. We also are members of the selling group for Government Agency bonds whenever new issues are offered.

Securities purchased for our correspondent banks may be placed in safekeeping with us without charge. Shipping costs are thereby eliminated, and the securities are always available for immediate sale and credit to their accounts whenever funds are needed quickly.

Why not check prices with us whenever you are in the market to buy or sell bonds?

Call HANover 2-7182 and reverse the charges or use the Bank Wire, call letters NMFR

### Other Correspondent Bank Services

- ★ Bond Portfolio Analysis
- ★ International Banking Service in 153 countries
- ★ Personal and Corporate Trust Service, including Pension Plans, Dividend Payments and Other Related Services.
- ★ Up-to-the-Minute Credit Information
- ★ Surveys and Recommendations on Bank Operations
- ★ Around-the-Clock Transit Service
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- ★ Excess Loan Participation

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Member Federal Deposit Insurance Corporation

## The OUTLOOK and CONDITION OF BUSINESS

**B**USINESS is bumping its head against the credit ceiling and doesn't quite know what to make of this rather unfamiliar sensation.

So far it hasn't hurt much, but it does call for new thinking and this is fine exercise in itself.

Banks have no way to say "no" to good customers and the only way some of them can say "yes" today is to borrow from the Federal Reserve. If banks said "no" too frequently to good customers a business setback would occur very quickly.

### *Both Plus and Minus Factors*

Housing, automobiles, and agriculture are still listed as minus factors, but offset by the expansion in other areas, chiefly business and Government spending. Industrial prices and wages are both heading upward and this is the main thing that worries the few who worry. The tremendous expansion in plant capacity may some day bring about its own counteraction through overproduction but that's sometime in the future.

Altogether, this is why attention is centering more earnestly on monetary policy than any time since the Roosevelt entourage cleverly slipped us off the gold tether.

Monetary policy was important under the gold standard, the Roosevelt standard and the Truman standard. Its special importance now comes from the persistence of the boom, the presence of both inflationary and deflationary forces, political pressures, and wide differences of opinion. The very success of the men now guiding policy has called attention to itself, just as any unusual performance against odds inevitably attracts notice.

### *Job Skillfully Handled*

It is generally conceded, though grudgingly by some, that this job has been carried out recently with rather unusual skill. If you want to know how it feels to be perched up there holding the reins, the way to do it is to go right to the drivers themselves and ask, starting with the man who selects the drivers.

In the following paragraphs are some things that President Eisenhower said at a recent press conference.

### *Federal Reserve Independence*

Question: Secretaries Weeks, Mitchell, and Humphrey, and apparently Dr. Burns [economic adviser] are all questioning the wisdom of the Federal Reserve Board's latest rise in discount rates on member banks.

Do you have any reservation about that increase and the impact of it?

Answer: "I think I made it very clear last week or the week before that here is an independent body reaching its decisions through the action, in this case, of a unanimous vote of its member boards, and of this board itself.

"I don't know whether the vote was unanimous in this board, but anyway they reached a conclusion. It is their duty and responsibility to make their conclusions effective.

"Now, what we are concerned in is that the necessary expansion of this country's industries and economy, in order to bring about a constantly increasing standard for a constantly increasing population, that the money is there to do it, that those finances are there to provide for these expanded facilities, and we watch that all the time, and I am sure the board is doing exactly the same thing.

"If it believes that money is getting too tight because of this, they will take measures to meet it."

### *Importance of Balanced Budget*

Now, continuing the question-answer pattern, let's turn to some recent opinions expressed publicly by Under Secretary Burgess:

Question: Do you think inflation is a real present threat?

Answer: "In this country, the inflation threat has not yet become very serious, and steps that the Government has taken, with the cooperation of people like the bankers here today, have been and are being reasonably successful in keeping things on an even keel. . .

"One of the ways your Government is trying to keep the economy in balance—to assure the continued vigorous growth of the country without setbacks—is to bring the budget into balance. . .

(CONTINUED ON PAGE 159)

# National Survey of Family Banking Habits

**B**ANKING'S growing opportunity to sell its services to the "Middle Millions," the increasing role of women in family finance, and the public's lack of appreciation of banker community activities are clearly reflected in a study completed for the Joint Committee on

Public Relations of the American Bankers Association and the Association of Reserve City Bankers.

The survey was made by the J. Walter Thompson Company as part of the expanded public relations program of the Joint Committee to determine the current financial

habits, knowledge of banking services, and financial outlook of American families.

It was conducted through the Thompson Consumer Panel, consisting of approximately 5,600 families in the United States, selected to be typical as to geographical location, market size, incomes, age and education of housewife, and other factors, but not including a representative sample of the lowest-income and least-educated groups.

## Services

**Question: Do you know of any services offered by banks in addition to those listed in Question 1? [i.e., savings, checking, personal loans, auto loans, mortgage loans, home improvement loans]**

Number replying .....	5,266	100%	
Number answering .....	5,002	95.0	
No, do not know of any additional services .....	2,937	55.8	
Yes, do know of additional services .....	2,065	39.2	100%

### Additional Services Mentioned

Christmas Club .....	547	10.4	26.5
Safe deposit boxes and/or vaults .....	526	10.0	25.5
Trust funds .....	309	5.9	15.0
Insurance (general) .....	233	4.4	11.3
Sale and/or purchase of stocks, bonds, securities .....	200	3.8	9.7
Travelers—American Express Cheques .....	199	3.8	9.6
Selling/deducting for U. S. Savings Bonds .....	196	3.7	9.5
Execution of wills—estates .....	188	3.6	9.1
Vacation Club .....	157	3.0	7.6
Payment of utility—telephone bills .....	124	2.4	6.0
Advice on investments .....	123	2.3	6.0
Business and/or financial advice .....	103	2.0	5.0
Business—trustee—commercial loans .....	89	1.7	4.3
Money orders .....	88	1.7	4.3
Making of wills .....	54	1.0	2.6
Cashier's checks—bank checks .....	54	1.0	2.6
Foreign exchange department .....	50	0.9	2.4
Collection service .....	45	0.9	2.2
Deposits by mail .....	36	0.7	1.7
Check cashing service .....	34	0.6	1.6
Redemption of U. S. Savings Bonds .....	30	0.6	1.5
Disposition of mortgages .....	8	0.2	0.4
Other services .....	491	9.3	23.8

NOTE: Some people mentioned more than one additional banking service known.

## Growth Prospects

The supporting studies indicate that by 1960 there will be 60,000,000 family spending units in the country. It is further estimated that 24,000,000 families, or 40% of the total, between 1950 and 1960 will move out of income groups that typically are *not* users of bank services into income groups that historically *are* users of these services.

Some of the practical problems which bankers confront can now be gauged in the light of statistical information on these "Middle Millions" that are moving up the income ladder; problems such as the extension of banking hours, the importance of the feminine element in business development and advertising, the establishment of drive-in facilities and branches, and the expansion of other bank services.

## Highlights

Following are some of the highlights:

Almost every family (96%) uses some kind of banking service; that is, any banking activity including check cashing, purchase of money orders, etc. This figure, however,



## Banking Services Used

(BY INCOME)

	Under \$2,500	\$2,500- \$3,999	\$4,000- \$4,999	\$5,000- \$7,499	\$7,500 & over	Total
Number replying.....	748	1,149	776	1,671	922	5,266
	100%	100%	100%	100%	100%	100%
Number <i>not</i> using any banking services.....	12.1	4.7	2.2	1.7	0.7	3.7
Number using one or more banking services.....	87.9	95.3	97.8	98.3	99.3	96.3

### BANKING SERVICES USED

#### Listed on Questionnaire

Checking account.....	65.1	73.5	78.5	84.3	93.8	80.0
Savings account.....	48.7	55.2	62.8	67.0	75.8	62.7
Mortgage loan.....	8.4	15.1	19.5	24.5	26.4	19.7
Personal loan.....	8.7	17.1	16.0	15.0	15.6	14.8
Auto loan.....	3.7	3.7	12.2	13.5	13.9	10.7
Home improvement and repair loan.....	3.3	5.7	6.8	7.0	6.8	6.2

### OTHER SERVICES MENTIONED

Safe deposit box.....	2.3	3.4	4.3	5.9	9.8	5.3
Christmas Club.....	2.0	3.4	4.6	4.4	3.0	3.6
Savings bonds.....	0.5	0.5	0.5	1.4	1.3	0.9
Insurance.....	0.1	0.6	0.4	0.5	0.7	0.5
Miscellaneous services.....	3.6	4.0	3.4	4.7	5.6	4.4

NOTE: Many people use more than one banking service.

does not mean these are all customers having accounts at a bank.

Eighty percent of the families surveyed have checking accounts, and 63% have savings accounts (including accounts at savings banks and shares in savings and loan associations). However, as shown in the Banking Services table, these figures drop down to 65% on checking accounts, and 49% on savings in the lower-income groups. Study of

the table reveals clearly that as families move up the income ladder they become increasingly users of bank services.

Despite the high percentage of families reported as having checking accounts, many of the family bills are still paid by cash. As shown in the accompanying chart, roughly half of the principal family bills are still paid by cash.

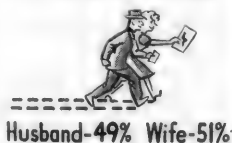
The wife is dominant in the pay-

ing of the rent, telephone, and utilities bills. This fact, plus the finding that many of these bills are still paid by cash, would indicate that there is a market for "second" checking accounts in families for household use.

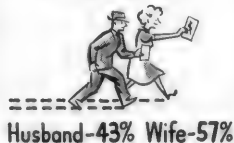
When presented a list of routine services—checking and savings accounts, personal, auto, and mortgage loans—more than half (55.8%) of those replying could not name addi-

## THE WIFE PAYS MORE PRINCIPAL FAMILY BILLS THAN THE HUSBAND

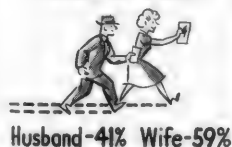
### RENT OR MORTGAGE



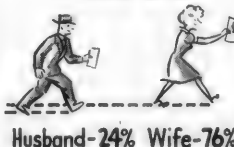
### UTILITIES BILL



### TELEPHONE BILL



### FOOD BILL



## MANY FAMILY BILLS ARE STILL PAID BY CASH



RENT OR MORTGAGE BILL  
Check-68% Cash-32%



UTILITIES BILL  
Check-57%  
Cash-43%

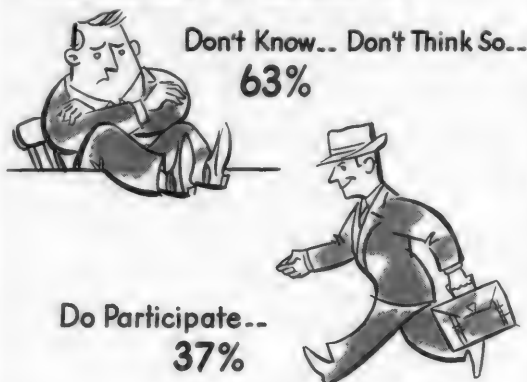


TELEPHONE BILL  
Check-58%  
Cash-42%

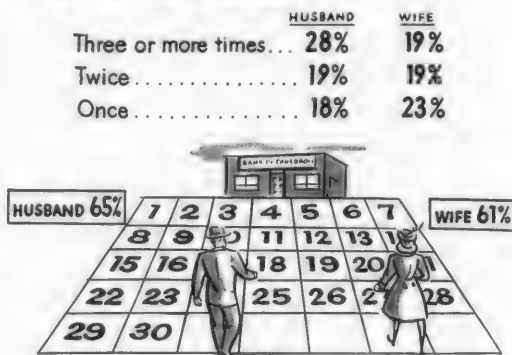
FOOD BILL  
Check-18%  
Cash-82%



## DO BANKERS PARTICIPATE IN COMMUNITY PROJECTS?



## HOW MANY TIMES A MONTH DO THE MEMBERS OF THE FAMILY GO TO THE BANK?



tional services, and in the lower-income groups three-quarters of these could not name the other services.

Sixty-five percent of the husbands replying and 61% of the wives go to the bank one or more times a month. This means that roughly 40% are not in the bank as often as once a month. This indicates the importance of banking by mail, the desirability of the best possible treatment of customers on the rather infrequent occasions when they are in the bank, and the necessity for promotional effort to get people in the bank more often.

Eighty-two percent of the families surveyed do not have a written family budget. In those families where a budget is kept, 82% of the wives, as compared to 51% of the husbands, participate in making the

budget. This, again, indicates the importance of the wife in family finance.

### Optimism General

Looking toward the future, most of the families seem highly optimistic. Twenty-four percent feel that incomes in 1956 will be larger than last year, and 56% feel that they will be as high as in 1955. In the upper-income brackets, the optimism is even more striking.

Almost a third of the families replying do not think highly of a bank as a place to work. In the higher-income and higher-educated groups, the opinion of working in a bank was even more adverse. This indicates why the recruitment of personnel is so difficult for banking in general.

Despite the splendid record of

banker participation in civic affairs, 63% of the people reported that they either did not know or did not think bankers participated in community projects. The negative percentage was even higher in the lower-income groups.

The level of education has very important bearing on banking habits, attitudes, and knowledge of financial services, according to the survey. For instance, 91% of the families where the wife is a college graduate have checking accounts as compared to 65% where the wife is grade-school-educated. As to the use of checking accounts to pay principal family bills, the college-educated wife is about twice as apt to use checks; on knowledge of additional banking services, the figures are 53% as compared to 22%.

Family banking habits and atti-

### Budgets

**QUESTION: Do you have a written family budget? If yes, who in your family helps in preparing the budget?**

Number replying.....	5,266	100%	
Number answering.....	5,228	99.3	
No, do not have a written budget.....	4,339	82.4	
Yes, do have a written budget.....	889	16.9	100%

#### Members Helping in Budget Preparation

Wife.....	731	13.9	82.2
Husband.....	455	8.6	51.2
Children.....	40	0.8	4.5
Others.....	19	0.4	2.1

NOTE: In some families, the preparation of the family budget is done by more than one member of the family.

### Opinion of Family Income for 1956

(BY INCOME)

	Under \$2,500	\$2,500-\$3,999	\$4,000-\$4,999	\$5,000-\$7,499	\$7,500 & over	Total
Number replying.....	748	1,149	776	1,671	922	5,266
Number answering.....	100%	100%	100%	100%	100%	100%
1956 income will be larger.....	10.4	16.4	28.0	28.1	32.2	23.7
1956 income will be about the same.....	57.0	60.0	53.7	55.7	51.0	55.7
1956 income will be smaller.....	12.7	10.3	9.3	8.3	10.4	9.9
Uncertain as to size of 1956 income.....	18.8	13.0	8.6	7.8	6.2	10.3

tudes vary importantly by region. For instance, only 63% of the respondents from New England report having checking accounts, as compared to 89% in the West North Central states; only 37% in the West South Central states have savings accounts as compared to 87% in New England; only 25% in the West South Central states know of the nonroutine services as compared to 52% in New England; only 29% in the Middle Atlantic states know of banker participation in community projects as compared to 46% in the West North Central states.

### Survey Conclusions

In conclusion, this survey indicates:

(1) The growing importance to banking of the "Middle Millions" as they move up the income ladder.

(2) The need for selling the lower-income and less-educated groups on their need for bank services.

(3) The need to give more attention to wives in business development and advertising activities.

(4) The importance of considering the expanding "Middle Millions" market in making policy decisions on such changes as new banking hours, customer parking, drive-in facilities, branches.

(5) The necessity to engage in public relations activities that reach the lower-income and less-educated groups of the population.

### Rating of Banks

(BY INCOME)

	Under \$2,500	\$2,500- \$3,999	\$4,000- \$4,999	\$5,000- \$7,499	\$7,500- & over	Total
Number replying.....	748	1,149	776	1,671	922	5,266
	100%	100%	100%	100%	100%	100%

#### A Place to Save

Number rating.....	94.4	97.4	98.6	98.9	99.1	97.9
Excellent.....	59.1	61.8	58.1	58.1	54.1	58.4
Good.....	27.9	25.6	29.3	25.8	26.1	26.6
Fair.....	5.9	8.1	8.9	11.8	13.8	10.0
Poor.....	1.5	1.9	2.3	3.2	5.1	2.9

#### A Place to Get a Loan

Number rating.....	81.4	92.1	95.7	95.2	95.1	92.6
Excellent.....	33.0	42.9	43.9	46.9	48.2	43.8
Good.....	38.7	35.7	38.6	36.3	35.4	36.7
Fair.....	8.5	10.8	11.3	10.6	9.8	10.3
Poor.....	1.2	2.7	1.9	1.4	1.7	1.8

#### A Place to Work

Number rating.....	70.3	83.0	88.0	88.4	89.2	84.7
Excellent.....	25.1	19.4	16.9	16.3	12.2	17.6
Good.....	32.1	38.4	35.7	36.9	33.3	35.7
Fair.....	10.6	18.2	28.4	27.2	31.3	23.8
Poor.....	2.5	7.0	7.0	8.0	12.4	7.6

#### Helpfulness of Personnel

Number rating.....	81.8	91.7	94.2	94.6	95.8	92.3
Excellent.....	40.3	43.7	41.0	43.0	42.8	42.5
Good.....	34.8	37.6	43.3	41.7	41.5	40.0
Fair.....	5.1	9.2	9.1	8.9	10.0	8.6
Poor.....	1.6	1.2	0.8	1.0	1.5	1.2

**H**ERE are three examples of how the information in this survey can be used to make your bank's advertising more effective:

#### (1) Selling Additional Services to Your Present Customers

Since 80% of the families interviewed have checking accounts, and 56% aren't aware of any other bank services available, aren't your checking-account customers prime targets for your promotional material on savings and other services you offer? Monthly enclosures with checking account statements offer a postage-free method of reaching these prospects.

#### (2) Directing More of Your Sales Effort Toward Women

Since almost as many wives as husbands visit the bank once a month or more often, is your bank directing a sufficient proportion of its advertising to women? The A.B.A. booklet "The Woman and Her Bank" explains the advantages of banking services from the woman's point of view.

#### (3) Analyzing Your Present Use of Advertising Media

87% of the people queried remembered seeing or hearing bank advertising. Since 61% remembered newspaper advertising, 48% television commercials and 30% radio announcements, to what extent is your bank using these avenues of approach mentioned by so many families?—G. EDWIN HEMING, *Manager, Advertising Department, American Bankers Association.*

## Practical Uses for the Results of This Survey



UNITED PRESS

Defense Secretary Wilson and Admiral Radford, chairman of the Joint Chiefs of Staff, as they appeared before a Senate appropriations subcommittee in connection with military spending estimates, largest single budget item. The nation's state of preparedness was the subject of much debate and inquiry on and off Capitol Hill this past month

## Objectives of Holding Company Act

LAWRENCE STAFFORD

CONGRESS passed the new bank holding company bill, probably the broadest piece of banking legislation it has adopted in over two decades.

President Eisenhower signed the bill "with some reluctance," because it "falls short of achieving" its objectives. The President said "exemptions and other special provisions will require the further attention of the Congress."

Still pending in the Senate was another project of broad sweep, to give the Department of Justice great power over bank mergers.

The recent weeks have seen the Federal Reserve's independence of political domination confirmed in a manner the like of which has had no equal since before World War II.

Final enactment of the bank holding company bill now turns the center of attention to the Federal Re-

serve Board. For from now on it will be the Board, the agency designated by Congress to administer the new act, which will have the problem of regulating the future growth of bank holding companies and supervising the latter in disposing of businesses which they own but which are unrelated to banking business.

Under this new act (with certain groups expressly exempt) a holding company subject to supervision is defined as one which owns or controls 25% or more of the voting shares of two or more banks. Such holding companies are required within six months to register with the Board and supply the Board with such information about their business as it requests, on forms which the Board will work up for these purposes.

From here on no company may become a bank holding company

without the prior approval of the Board. Furthermore, such prior approval is required for a holding company seeking to purchase more than 5% of the voting shares, or substantially all of the assets, of any additional bank. In other words, applications for such purchases must first be made to the Federal Reserve Board.

If the bank in question is a state bank, the state bank supervisory official of the state in which the bank is located is consulted. If a national bank, the Comptroller of the Currency is asked for his opinion.

Likewise if two bank holding companies want to merge, they also may do so only after application to, and approval from, the Federal Reserve Board.

One of the main objectives of the legislation was to divest bank holding companies of any businesses



which are not related to the business of banking. The act prohibits a holding company hereafter from acquiring ownership or control of any such nonrelated business.

Further, it provides that existing bank holding companies cannot retain ownership or control of any company which is not related to banking beyond two years after the approval of the act. However, to ease the divestiture when necessary, the Board is allowed to extend the 2-year deadline for periods of one year at a time up to a maximum of five years.

Special tax relief provisions are included in the act, so that this compulsory divestiture of nonbanking assets will not work a tax hardship for holding companies ridding themselves of their nonbanking businesses.

On the other hand, holding companies are expressly permitted to own or control businesses related to banking, or managing or controlling banks, or performing services for banks.

### Upstream Loans Prohibited

One of the basic objectives of the act was to forestall the possibility that a parent holding company might take undue advantage of its subsidiary banks. So the act, in general, prohibits the borrowing by a bank holding company from one of the banks it owns or controls. On the other hand, the act does not prohibit the borrowing by a subsidiary bank from the parent holding company, or a "down-stream" loan. This is because, as the Senate Banking Committee observed, one of the beneficial advantages of holding company banking is the possibility banks may draw on the resources of the holding company.

It is said that, in the form it was enacted, the Bank Holding Company Act initially will apply to only about 40 of such existing companies. This undertaking probably can be handled by the Board without at first having to expand appreciably its legal or examining forces.

### Issue Long in Doubt

Whether the Senate actually would take up on the floor the Senate version of the bank holding company bill was a question whose prospects were literally "on again, off again, on again," every several days after the new session met in January.

With the adoption of the Douglas amendment, prohibiting a bank holding company from purchasing a bank in a state other than the state in which the holding company maintained its principal office unless the state by law expressly permitted this type of transaction, the Senate bill substantially conformed to the position adopted by the American Bankers Association in 1953. This amendment was adopted by a vote of 58 to 18.

Chairman Brent Spence (D., Ky.) of the House Banking Committee, after the Senate had passed its bill, moved successfully simply to have the House accept the Senate draft. This was done. This procedure avoided the usual delay of the customary conference to iron out differences between House and Senate versions.

### S&L Holding Companies

Meanwhile Chairman Spence introduced a bill to discourage the growth of holding companies among state-chartered savings and loan associations.

Such holding companies could be created only out of stock companies called "savings and loan" associations. So state-chartered mutual associations, to become eligible for purchase, would have to convert to stock companies, losing their cooperative nature. The Federals, to be eligible for purchase, would have to go through the additional step of first converting to state associations, officials explained.

The method of the bill is to prohibit, via the deprivation of insurance of S&L accounts, any company from owning 10% or more of the

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**T**HERE follows a brief listing of legislation directly or indirectly affecting banking, giving its legislative status at writing. (The nearer the session's end the more rapid the prospect of change in status.):

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<i>Subject</i>	<i>Status</i>
Bank holding company bill	Passed both Houses and signed by President.
Celler antimerger bill	Passed House but no Senate committee action as yet.
Merger prenotification bill	Passed House, but no Senate committee action as yet.
Broadening Farmers Home Administration lending powers	House and Senate Agriculture subcommittees have held hearings.
Merger of production credit corporations with Federal intermediate credit banks	House and Senate Agriculture subcommittees have held hearings.
Broader residence requirements for national bank directors	Passed both Houses and signed by President.
Waiving one national bank examination in two years	Passed both Houses and signed by President.
Continuance of Treasury power to borrow from Federal Reserve	Passed House, pending in Senate committee.
Housing amendments	Bills being considered in House and Senate Banking committees.
Supervisory official pay boost	Awaits Senate committee consideration.
Accelerate Postage Savings liquidation	May be considered soon in House Committee.
Flood insurance	Passed by Senate.
Savings and loan branching legislation	Passed Senate, awaiting House committee consideration.
Depressed areas aid	House committee hopes to draft a bill for its approval.

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## Holding Company Law and States' Rights

"The final passage of bank holding company legislation was good news to all of us.

"Holding company legislation has been before Congress intermittently for a number of years, but not until this past year was progress made. The Spence bill was passed by the House of Representatives last spring. The Robertson bill was passed by the Senate last week.

"The principal point of debate in the final days was over the preservation of states' rights. The American Bankers Association had maintained a clear position on this question. It was that no bank holding company should be permitted to acquire a bank located outside of the state in which the expanding holding company maintains its principal office and place of business unless the laws of the outside state expressly permit such expansion. In the closing hours of debate last week, the Senate adopted the Douglas Amendment, which follows the A.B.A.'s position in this respect. As the bill has gone to the President, it contains this states' rights provision.

"I want to express our appreciation to Representative Brent Spence and to Senator A. Willis Robertson and the other members of the two Banking and Currency Committees of Congress for their patient and persevering efforts to enact bank holding company legislation."—FRED F. FLORENCE, president, American Bankers Association.

shares of more than one S&L "association." The bill is approved, it was stated, by both the trade associations in the S&L industry and by the Home Loan Bank Board.

Mr. Spence hopes to get this bill out of the House committee this year.

### S&L Branching

A bill to regulate the terms under which the Home Loan Bank Board may approve of branches of federally chartered S&Ls was passed last year by the Senate, but gave S&L the most liberal branching privileges accorded in any one state by any of the following classes of institutions: state-chartered building associations, mutual savings banks, or commercial banks taking time deposits.

Prior to the passage of the Holding Company Act, the leadership of the House Banking Committee reportedly felt that unless and until the most important subject of bank holding company expansion was dealt with, there was no point in regulating Federal S&L branching.

Passage of the Holding Company Act did, apparently, remove the disposition of the committee against taking action on the S&L branching bill. It is possible that this bill might be considered along with the S&L holding company bill by the House Banking Committee.

Another measure was also reportedly held up behind the holding company bill. This was the Senate-passed bill permitting national banks to elect, if they chose, instead of being compelled as they are now, to use the cumulative form of voting national bank shares in the selection of directors.

### Antitrust Bills Become Active

With the ink of President Eisenhower's signature on the Bank Holding Company Act barely dry, proposals to subject banks and other businesses to sweeping antitrust regulations suddenly became active.

After the President requested certain objectives, the House earlier in the session, by voice votes and with no objections, passed two bills embodying them.

One was the Celler anti-bank-merger bill. It provides that bank mergers brought about by the purchase of assets shall be subject to the inhibitions of the Clayton Act, as are bank mergers achieved by purchase of stock.

The second bill was the so-called merger "prenotification" bill. It proposes that, when any two businesses, including banks, propose to merge, they must give a 90-day advance notice of this intention to the Department of Justice and the Federal Trade Commission. This applies to

businesses which, combined, would have \$10,000,000 or more of assets.

During the 90-day period, the merger may not be completed, and during the waiting period the antitrust officials may move to enjoin the proposed merger. In that "cooling-off" period officials can call for just about any information they want to know about the merger. (The passing of the 90-day period, however, gives subsequent mergers no immunity from later prosecution.)

Mr. Celler, who is particularly dedicated to discouraging bank mergers, added the anti-bank-merger bill to the prenotification bill passed by the House, to attempt to insure its consideration in the Senate.

### Scheduled Hearings

Senator Joseph C. O'Mahoney, the acting chairman of the antitrust subcommittee of the Senate Judiciary Committee, told BANKING that he had considerable doubts about the wisdom of the broad grants of authority to Administration or appointed officials which both bills would give.

Senator O'Mahoney said he wants to make the antitrust laws more specific, "so they can be understood by any jury and any court." He said that he wants to diminish rather than increase the large discretionary authority of the antitrust officials.

Nevertheless, it was announced that the antitrust subcommittee planned to open hearings on the premerger notification bill, which has the anti-bank-merger bill also attached, on May 23.

It thus appears that the President's original objective of asking for a prenotification bill as well as for control of bank mergers is helping considerably in making sure that these proposals have a good chance of enactment.

### Comptroller Route

There has been considerable sentiment in responsible quarters, as this department of BANKING has pointed out from time to time this year, for legislation giving the bank supervisory authorities the decision on the antitrust as well as the economic and financial factors, if it is determined that special anti-bank-merger legislation must be passed.

This prospect would allow the bank supervisory officials to evaluate

the "whole package" of considerations involved in a potential merger. Where the antitrust aspects must be passed on by the Department of Justice, those aspects tend to become overriding. Such a bill is being considered.

### Reserve Independence Confirmed

Monetary policy made news in unexpected ways recently.

For one thing, it was all but officially confirmed that virtually all of the Eisenhower Administration had serious doubts as to the advisability of the action taken April 12 by the Reserve System in raising discount rates to 2¾% at 10 banks and 3% at two banks.

President Eisenhower inferentially confirmed this disagreement at his press conference April 25, in response to an inquiry from the press.

Actually the Reserve's action was rather vigorously opposed by the chairman of the President's Council of Economic Advisers. The Treasury also opposed the action privately, if less vigorously than the CEA. Subsequently the Secretaries of Commerce and Labor, in press conferences early in May, publicly voiced their doubts as to the desirability of the discount rate rises.

It is often reported that there are disagreements on monetary policy but it is seldom that the fact of disagreement is confirmed in public.

Administration disagreement, of course, stemmed from the fact that those segments of the economy which are not booming—farm income, motor vehicle production, and housing, in particular—are among the most politically sensitive in the economy. These industries have ardent advocates both in Congress and the Administration.

That the Federal Reserve System went ahead, notwithstanding these differences in appraisal of the economic picture, and used its statutory powers to tighten credit, itself underscores the long road the System has traveled toward independence from the days before the Treasury-Federal Reserve accord of March 4, 1951.

However, President Eisenhower himself backed that independence in a public statement that possibly was stronger in its expression of the desirability of Reserve System independence, than may have been made

(CONTINUED ON PAGE 115)

## You Can Fly to Europe at Half Price Now

FROM New York to Paris by air, first class, the fare is \$858.14 round trip, assuming that you can sleep in a reclining seat and don't need a bed. You can make the same trip "tourist" for \$582.42. And now you can also go and return for as little as \$250 by chartering your own plane. You can do so, that is, if you belong to a club, 67 other members of which are ready to go along with you and share the chartering cost. Fewer than 68 may charter the plane, but in that case the pro rata share of each passenger will be higher.

The chartering of trans-Atlantic planes by groups of American tourists began in a small way just a few years ago. It seems to be taking hold now and there's no telling where it will lead in another few years. The idea is proving especially popular with Federal Government employees in Washington. Only a few hundred flew "chartered" to Europe last year when the Civil Aeronautics Board decided that it was "in the public interest" to disregard the protests of regular carriers such as Pan American and TWA and authorized irregular carriers in this way to enable "groups . . . who would not otherwise be in a position to do so to obtain the advantages of foreign travel . . ."

All the regular airlines will charter planes at advantageous rates, but they have not enough equipment to do so during the busier tourist months. The irregular carriers, such as the Flying Tiger Line and Trans-Ocean Airlines, which constantly carry cargo overseas, have the equipment to cater to this new business. Most of this year's trans-Atlantic tourist chartered flights are being conducted by the Flying Tiger Line. The planes used are mostly DC-4s. Travel is as comfortable as on regular tourist planes and, it is claimed, may be more so, since the chartered plane, having no fixed schedule to meet, is freer to fly around bad weather. Hot meals are served aloft.

FOR Washingtonians the chartered flight has an advantage over regular tourist travel in that the plane goes straight from the National Airport to Newfoundland and so avoids the need to travel to New York and incur extra expense. The one big disadvantage of the chartered trip is that the individual must go and return with the group. There is no possibility of varying dates, as one may do on an individually ticketed tourist trip.

This year several hundred employees of major Government departments are flying by chartered planes to Europe. Others in the capital booking such trips or having already made them include a Masonic club, visiting Germany; a Greek Orthodox Church group, visiting Greece; the Women's City Club; and a Georgetown University group. From Niagara Falls the Clan MacKenzie flies to Scotland in June. Philadelphia's United Singers go to Stuttgart. Princeton and Wisconsin undergraduates are among others visiting Europe this way in 1956.

Among 1955 charter flyers were such groups as the Altoona Lions Club, the Pennsylvania YMCA, Chicago Teachers College, and the Baptist World Alliance. TWA in 1953 carried 143 GE women factory workers, nearly 250 Bell Telephone employees, 111 midwestern farmers, 59 skiers, and a group of editors. With more than 70% of all U.S. overseas travel being by air in 1955 and North American Airlines asking CAB approval to supply a ticketed individual NY-London service for \$252, one can imagine what North Atlantic air travel will be in another decade.

Elapsed time on a chartered Washington-London flight, including refueling stops at Gander and perhaps Shannon, is about 19 hours. Baggage is limited to 40 lbs. The fare is the same to London, Paris, Brussels, or Amsterdam. Farther destinations cost extra. Not all chartered groups travel together in Europe. Some split into different conducted tours. Other members sometimes travel individually until time to return. Most charter passengers start the trip with some foreign banknotes, which often may be advantageously bought here from a bank or currency dealer.

Half a century ago the "grand tour" of Europe still was for the well-to-do. Today it is for the middle class and working people.

HERBERT BRATTER

## *The Bank Holding Company Act*

# "Most Significant Banking Statute"

SENATOR A. WILLIS ROBERTSON

SENATOR ROBERTSON, *Democrat of Virginia*, is one of the authors of the recently enacted bank holding company legislation. He is second ranking Democratic member of the Senate Banking and Currency Committee and chairman of that group's banking subcommittee.

THE Bank Holding Company Act of 1956, which was signed by the President on May 9, represents, I believe, the most significant banking statute that has been enacted since the Banking Act of 1933. It is important to bankers of every state of the Union, but is of particular concern to bankers in the 33 states where bank holding companies are carrying on active operations.

It has taken almost 20 years to obtain effective legislation to regulate bank holding companies. The Banking Act of 1933, sponsored by my predecessor in the Senate, Carter Glass of Virginia, contained a provision applying only to a limited number of companies and concerned chiefly with the economic soundness of the holding companies and their affiliates.

### **A Long-Term Effort**

As early as 1938 Senator Glass realized the act did not contain adequate safeguards against expansion and monopolistic tendencies, but his efforts in 1938 and again in 1941 to amend the act were unsuccessful. My own efforts to obtain more effective legislation date back to 1949. In that year and again in 1950 and in 1953 I sponsored bank holding company bills which did not get out of our committee.

Last year the House passed a bank holding company bill sponsored by Representative Spence, and, after our Senate Committee had conducted hearings on this bill and several others, I proposed a compromise,

S. 2577, which was reported to the Senate last year just before adjournment. The interim period from adjournment until the present session of Congress opened last January provided an opportunity for members of the Senate, representatives of bank holding companies, and banking organizations generally to study the bill and suggest perfecting amendments.

Early this year our committee held additional public hearings and executive sessions and agreed on a number of technical and clarifying amendments which did not change the basic philosophy of the bill, and on April 25 the Senate passed the bill with these amendments and an additional amendment proposed by Senator Douglas. The House, in a quite unusual procedure, agreed to accept the Senate bill without going to conference, permitting it to go immediately to the White House.

### **Two Main Objectives**

The Bank Holding Company Act of 1956 has two principal objectives:

- (1) To regulate the future expansion of bank holding companies.
- (2) To require bank holding companies to divest their nonbanking investments.

In regard to expansion, the act requires a holding company wishing to acquire an additional bank within its home state of operation to apply to the Federal Reserve Board for approval. If the Comptroller, in the case of a national bank, or state supervisory authorities, in the case of a state bank, objects to the proposed acquisition, the Federal Reserve Board must hold a hearing for all interested parties.

Whether or not there is objection registered, the Reserve Board must consider five factors in determining whether to grant or deny the application. These factors are: (1)

financial history and condition of the company and banks; (2) their prospects; (3) the character of their management; (4) convenience, needs and welfare of the communities in the area concerned; (5) and whether or not the effect of such acquisition would be to expand the bank holding company system beyond limits consistent with adequate and sound banking, the public interest, and preservation of competition.

The last factor named is the most important and requires the Federal Reserve Board to consider the public interest in preventing undue concentration of banking activities and at the same time permitting expansion of banking facilities where they are needed.

### **Right of Appeal**

Any party aggrieved by the decisions of the Board has the right of appeal to the appropriate United States Circuit Court of Appeals, and this procedure will insure that each case is considered on its merits and the rights of all interested parties will be protected.

States' rights are guarded by a provision of the act which preserves the present authority of states over bank holding companies within their borders. Interstate expansion is controlled by the Douglas amendment, which prohibits a bank holding company from acquiring a bank outside of the home state of the holding company unless the laws of the state to be entered specifically authorize such acquisitions by out-of-state holding companies. No state now has such an authorizing law, so at present no holding company can acquire additional banks across state lines. If a state does enact this type of statute, bank holding companies which crossed the state line still would be required to use

(CONTINUED ON PAGE 157)



# Capital Requirements

## for New, Small

### Retail Shops

**"H**OW much capital will I need to start a retail store?" is a question commonly put to bankers by ambitious young men. The answer to this inquiry will vary of course, depending upon the line of business, the locality of the proposed enterprise, the nature of competition, and many other considerations. In no two cases are the answers likely to be the same. One of the greatest causes of new-business mortality is the over-optimism of the entrepreneur, especially his failure adequately to estimate his capital requirements.

The organizer of a new retail enterprise often does not realize that the average new retail business makes little if any profit during its first year, or that it is therefore necessary to possess as initial capital more funds than are needed to pay for an inventory and the first month's rent. It is inadvisable to establish any business unless the capital available exceeds the initial requirements by enough to cover personal expenses and contingencies for two or three months.

The capital requirements will depend largely upon the line of business, location, price lines, and brands of merchandise carried, buying arrangements with sources of supply, credit extended to customers, the kind and quality of furniture and fixtures which in turn will vary with the nature of the business being launched, and various other considerations.

To assist persons contemplating

the starting of new retail stores, the U. S. Department of Commerce has prepared worksheets for estimating initial capital requirements. These are available at the Commerce Department's 33 field offices. The worksheets are available for 20 different lines of business, while additional sheets are in preparation for two other lines. These worksheets offer banks a useful tool in discussing with customers the establishment of new businesses.

#### Worksheets Available

The 20 types of retail business for which worksheets are now available are: books; children's and infants' wear; commercial stationery and office equipment; drug (independent); electrical appliance, radio, and TV; farm equipment; farm supply; flowers; furniture; gasoline service station; gift and art; grocery; hardware; independent variety (limited price); jewelry (cash and open credit); liquor (package); men's clothing and furnishings; shoe; sporting goods; women's ready-to-wear.

The two worksheets in preparation at this writing deal with laundry and dry-cleaning establishments.

While the worksheets naturally vary from one line of business to the next, basically they follow the same pattern. Their content may be made clear by taking as an example the sheet relating to the capital requirements of a grocery store.

On the first page there is presented a schedule to be filled in by

the prospective grocer's setting down the estimated cost of furniture and fixtures item by item. There is space for information on 20 different items, including shelving, display stands and gondolas, walk-in refrigerator, refrigerated display equipment, produce display equipment, computing scales, cash register, basket carts, lighting fixtures, delivery equipment, and the like. On this schedule the estimated cost of each item, whether old or new and whether bought for cash or by the instalment method, is entered. The total of all the items is then carried forward to the second page of the worksheet.

The second page contains a table of estimated operating ratios for the retail grocery business, based on industry information obtained by the Commerce Department from the National Association of Retail Grocers and the *Progressive Grocer*. It also provides a schedule for noting the estimated nonrecurring initial capital requirements of the business and monthly sales and operating expenses. The latter schedule is filled in by applying to the figure for estimated monthly sales the operating ratios applicable to grocery stores as a group, although with due recognition of the fact that the circumstances applying to a particular new grocery store may make its experience different from the industry's average.

#### Net Profit

Figures on the retail grocery business indicate that the cost of goods sold is 84% of net sales. The gross margin, in other words, is 16%. Operating expenses are on the average 14.5% of net sales, and net profit after proprietor's salary is only 1.5% thereof. Stock in the retail grocery business turns over 12 times a year. The person contemplating the establishment of a new independent grocery, having estimated his annual volume, by utiliz-

# Worksheet for estimating

## INITIAL CAPITAL REQUIREMENTS FOR A GROCERY STORE

(Estimated operating ratios expressed as a percent of net sales, with examples showing their application to various annual sales volumes. See note 1, page 3)

	Percent	Annual Sales volume		
Net sales.....	100.0	\$ 30,000	\$ 60,000	\$ 96,000
Cost of goods sold.....	84.0	25,200	50,400	80,640
Gross margin.....	16.0	4,800	9,600	15,360
Operating expenses.....	14.5	4,350	8,700	13,920
Net profit.....	1.5	450	900	1,440
Average inventory (See note 2, page 3).....		2,100	4,200	6,720
Stock turn: 12 times per year				

### MONTHLY SALES AND OPERATING EXPENSES (See note 2, page 3)

### INSTRUCTIONS FOR COLUMNS 3 AND 4

Item	Estimated ratios percent of sales	Dollars per month based on annual volume of \$60,000	Your estimate of monthly sales and expenses based on annual volume of \$	Enter your monthly operating expenses in column 3 based on percentages of sales in column 1, as illustrated in column 2. Enter your initial cash requirements in column 4 based on amounts shown in column 3. For several items a period of months is suggested	Your estimate of initial cash requirements
	Col. 1	Col. 2	Col. 3		Col. 4
Net sales 1/12th of annual estimate	100.0	\$5,000.00	\$	(See note 3, page 3)	
Operating expenses					
Salaries of officers, proprietors or partners	6.0	300.00		Enter 1 month or more (Note 4, page 3)	\$
All other salaries and wages	4.0	200.00		Enter 2 months or more	

This is the top of the inside of one of the 4-page forms. The writer suggests that banks may use the forms in two ways: Give them to prospective businessmen to assist them in making their financial plans. Keep them on hand for the use of the bank's own lending officers

ing the foregoing ratios is able to build an itemized list of monthly operating expenses, including salaries, wages, rent, depreciation, and other items. Experience shows that in the grocery business the 14.5% mentioned above as constituting operating expenses is broken down as follows:

Salaries of officers, proprietors or partners	6.0%
All other salaries and wages	4.0%
Occupancy (including rent, light, heat, water, building service, etc.)	2.5%
Depreciation (except buildings)	0.5%
All other expenses	1.5%

Having applied these ratios to his estimated average initial monthly sales, the entrepreneur may estimate his initial cash requirements for operating expenses for the first two months or more. Textual notes in the worksheet offer useful suggestions for the refinement of the detailed estimates.

The schedule of nonrecurring capital requirements, which together with the estimated operating expenses for the first months gives the total initial capital requirements for the grocery store, includes:

Purchase of real estate; initial inventory; decorating and remodeling; installation of fixtures and equipment; deposits with public utilities; accounts receivable (in case credit

sales are planned); initial advertising and promotional expense; cash for unforeseen requirements, special purchases, and absorption of initial losses; other items.

The Commerce Department points out to users of the worksheets that the actual sales volume cannot be determined in advance, since this will depend upon the amount of business in the area, the number of competitors sharing the business, and the part of the total which the new store will be able to obtain. "Assistance in making a careful estimate," the Department states, "can be obtained from representatives of [in this case] processed food manufacturers, grocery wholesalers, the trade associations, your banker, the chamber of commerce, and other businessmen who may be familiar with local conditions and the opportunity for a new store."

The Department cautions against overestimating potential sales, for to do so will induce the investment of too much capital in equipment and initial inventory and commitment to heavier operating expenses than are justified.

### Varying Ratios

Comparison of the 20 worksheets reveals a wide range of ratios as between one business and another. Thus, the gross margin as percent of net sales ranges from 14% in the

farm supply business, 16% in the typical independent retail grocery, and 18% in the typical retail farm equipment business to as much as 47% for the retail florist. Cash and open credit jewelry stores operate on an average margin of 40%; gift and art stores, 38%; furniture, shoe, book, stationery, and office equipment stores, 35%.

The foregoing are gross margins. Excluding proprietors' salaries, net profits as percent of net sales—to cite a few cases—are, for example: grocery stores, 1.5%; farm supply stores, 2%; gasoline service stations, 2%; and at the other end of the scale: sporting goods, 7%; independent drug stores and commercial stationery and office suppliers, 6%; jewelry stores, 6%; limited-price independent variety stores, 5%; and shoe stores, 5%.

Annual turnover of stock varies greatly between businesses. For a typical filling station, including tires, batteries, and accessories, it is 18 times a year; for groceries, farm supply stores, and florists it is 12 times a year; and for jewelry stores, only once a year. Stocks of men's clothing, farm equipment, furniture, gifts, sporting goods, etc., are other slow movers. Average inventories may be estimated for any particular type of retail store covered in the worksheets by applying

(CONTINUED ON PAGE 151)

# Savings Bankers Discuss—THRIFT

**T**HAT the people of the United States are not saving money at a rate to match the demand for funds of the booming economy was the news setting for the 36th annual conference of the National Association of Mutual Savings Banks in Washington, May 7-9.

Savings bankers heard from their own membership and from officials and others opinions on a wide range of economic and financial problems.

They elected as the new president of their association Crawford H. Stocker, Jr., president, the Lynn Five Cent Savings Bank, Lynn, Mass. Charles J. Lyon, president of the Society for Savings, Hartford, Conn., was elected vice-president, and Frederick V. Goess, president, the Prudential Savings Bank, Brooklyn, N. Y., was elected treasurer.

With the tightness of money the center of national attention, a great deal of discussion was given to this subject at the savings bankers convention.

## Demand vs. Supply

For instance, W. Randolph Burgess, Monetary Under Secretary of the Treasury, stated that "what has happened is that the demand for capital has shown itself to be greater than the supply of capital." While the charges that the American people are going into debt faster than they are saving money are not true, Dr. Burgess noted, nevertheless savings in 1955 were less than in 1954, and 1954 savings, in turn, were less than in 1953.

That the economy is tight as to labor and materials as well as to the supply of money, was the idea put forward by Allyn P. Evans, president, Lionel D. Edie & Co., investment counsellors. In his opinion the absolute operating capacity of the economy would be represented by a Federal Reserve Board production index of 148 (versus 142 in March) and a gross national product of \$405- to \$406-billion, compared with a first-quarter 1956 rate of \$399-billion.

Savings banks should not compete in advertising the rate paid on deposits, it was suggested by the

retiring president of the National Association of Mutual Savings Banks, Charles R. Diebold, who is president of the Western Savings Bank, Buffalo, N. Y. Mr. Diebold also stressed the necessity, in his opinion, for achieving and maintaining adequate liquidity and reserves against bond accounts "in these times of deposit and market value fluctuations."

## More Advertising

Savings banks should spend more money on advertising and devote more time and thought to public relations, they were advised. This suggestion was made by W. W. Delamater, president of the Financial Public Relations Association, and also vice-president of the Trademans Bank and Trust Company, Philadelphia, Pa.

That all repositories for time savings should simultaneously introduce the idea of an advance notification requirement for the withdrawal of savings money was suggested by Clinton B. Axford, editor of the *American Banker*.

"The idea that we can conduct a demand deposit savings system and put the funds out at interest in capital assets is an illusion which we should no longer continue to foster," Mr. Axford stated.



**Heads NAMSAB**

Crawford H. Stocker, Jr., president, Lynn (Mass.) Five Cents Savings Bank, is 1956-57 president of the National Association of Mutual Savings Banks

Observers and guests at the convention of the mutuals were the members of the Board of Administration of the International Thrift Institute. They held a panel discussion on savings bank problems in other countries. The board of this organization had, a few days previously, concluded an annual meeting at the office of the Farmers and Mechanics Savings Bank, Minneapolis, Minn. Henry S. Kingman, (CONTINUED ON PAGE 128)

Shown below are savings bank leaders from 10 countries, who recently visited the United States as members of the Board of Administration of the International Thrift Institute. *Seated, left to right:* Professor G. Dell'Amore, Milan; Andre Join-Lambert, Paris; Professor Andre de Guchteneere, Brussels; Henry S. Kingman, Minneapolis; E. A. G. Caroe, Liverpool; *Standing, left to right:* Arne Jensen, Oslo; J. A. Affonseca, Sao Paulo; Olof Norbeck, Stockholm; M. H. Verrijn Stuart, Amsterdam; Jacques Dutilh, Rotterdam; F. Butschkau, Dusseldorf; H. Krog-Meyer, Copenhagen



# POST-AND-FILE

*The author is assistant cashier of  
The City National Bank of Winston-  
Salem, N. C.*

JAMES B. HAMNER

**M**OST bankers who have adopted the relatively new "post-to-check" system will readily admit that *the saving of time and money* is the first appeal of this method. In the final analysis, however, this time saving is accomplished in some degree by a reduction of customer service; and in some degree, too, by a loss of control over accounts.

The reasoning behind post-to-check is that payroll savings will more than compensate for any losses

which might arise from (for example) paying checks against overdrawn accounts. Where the practice of examining checks for dates, endorsements, and so forth has been discontinued, the same reasoning applies. That is, customer claims arising from payment of nonendorsed, postdated or stale-dated checks will not amount to nearly so much as the over-all saving in clerical costs.

Clearly, this represents a departure from what might be termed "normal" bank thinking. We are

usually proud of the service and protection given our depositors, and are loath to reduce them in the least. Post-to-check must offer attractive savings, indeed, if banks are willing to make sacrifices in control and customer service.

It does offer large savings—to banks using a dual plan of posting. For the most part, these are the banks which are converting, or have converted, to the post-to-check system. When the dual plan is used, almost any alternative offers a substantial cost reduction.

Does post-to-check hold forth the same promise for banks now using a single posting system? Certainly not! While it might well be possible to effect certain economies, they would be relatively minor—not enough, surely, even to consider giving up any part of the control and proof offered by single posting.

### Desirable Feature

The post-to-check system *does* have one extremely desirable feature for any bank, aside from any consideration of costs. *Filing is done as posting occurs.*

It is this feature that we were "after" in designing what we call the "post-and-file" method of bookkeeping. We wanted all of the control and protection enjoyed previously, plus the automatic filing inherent in the post-to-check method. Nothing was wrong with our single posting operation except that we had a peak period at month-end, trying

**Top—**

**FIGURE 1—Acetate envelope containing signature card is filed directly in front of each account**

**Left—**

**FIGURE 2—Statements have been shortened to 20 lines so that they may be easily filed in the same tray with checks and deposits**

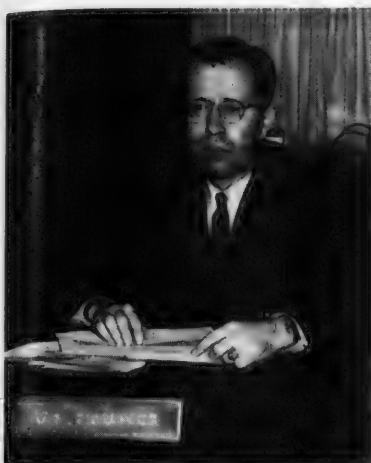
THIS AGREEMENT CONTINUED FROM REVERSE SIDE DATE Dec. 26, 76

Philip Robins  
1st Clerk Dr.  
Acme Mfg. Co., 3rd Main St.

PAYEE'S BANK ACCOUNT NO.

[illegible]





Mr. Hamner

to get the statements out. It was the tellers' duty to file checks, but they were always several days behind, with the result that we were late getting out our statements. No need to mention that this is an evil found in any bookkeeping set-up.

Let us state immediately that the post-and-file system did not effect any large cost reduction for us, nor was it expected to, since we already had single posting. But for a bank switching over from the dual plan to post-and-file, the savings might be considerable. And, as you will see, we have a very tight proof and control over all accounts.

### Specific Purpose

The post-and-file system is used only for our personal and special checking accounts, which are inter-filed alphabetically. There are approximately 3,000 special and 7,000 regular personal accounts; volume averages 4,500-5,000 checks and 800 deposits a day.

The heart and soul of post-and-file consists of filing checks and deposits *together with* the statements to which they apply. Special files, designed for us, hold multiple drawers or trays, each of which contains 200 accounts. We keep a control on each drawer. Since we are using 53 drawers at present, there are 53 controls.

In front of each account there is an acetate envelope containing the customer's signature card (see Figure 1). This has made signature checking a semi-automatic process, and has eliminated the need for signature card files on personal check-

ing accounts. Statements are filed directly behind the signature cards, and the checks and deposits behind the statements to which they pertain. The statements (Figure 2) have been shortened to 20 lines, for easy handling and accommodation in the trays. A survey of our accounts indicated that approximately four-fifths of them do not require more than 20 lines.

Statements are mailed out in cycles of 1,000 accounts each. This spreads out the work, so that at the end of the month we are always right up to date. In going over to cycle mailing, we anticipated quite a few complaints; but out of 10,000 accounts, only four customers expressed even mild disapproval.

The personal and special checking end of the bookkeeping department is divided into four teams of two girls each. Each team has one bookkeeping machine and handles about 2,500 accounts; that is, 13 file trays or about one-fourth of the alphabet.

The checks come from the proof department in four sections, a total being supplied for each. Following is the step-by-step procedure for each team:

(1) Dates and endorsements are checked on all counter work and on all checks over \$300.

(2) Checks are fine-sorted.

(3) Deposits, which come from the proof department all in one batch, including commercial de-

(CONTINUED ON PAGE 152)

Signature card, statement, checks, and deposits are filed together by account in these trays. Each tray of 200 accounts is separately controlled



Each machine (below) processes about 1,400 items daily under the post-and-file plan



# METHODS and IDEAS

## Operating Procedures

*Let's stop this month, for a couple of pages, at the eastern and northern regional conferences sponsored by the National Association of Bank Auditors and Comptrollers in Atlantic City and Chicago. There isn't time to stay for the full sessions of either, but perhaps we can report a few high spots, such as experts' views on automation, cost accounting, deposit accounting, book-keeping mechanization, and one or two other topics, if space holds out.*

*Both meetings were well attended; in fact, the Atlantic City registration of 722 set a new record for a NABAC regional.*

*For the purpose of this report, we treat the two conferences as one—that is, without saying who spoke where.*

### Preparing for Automation

**I**MMEDIATE steps that can be taken by management in preparation for automation, or any sound control program, were suggested to NABACers by Professor V. Donald Schoeller, Case Institute of Technology, Cleveland. He set up this 8-point plan:

#### (1) Information Flow Analysis.

Begin to collect every report, chart, activity. Bring them into a central location, chart them, determine what information is available. Most managements would be amazed to know how much time their executives spend in merely asking and disseminating information.

(2) **Reporting Systems and Report Studies.** The information flow analysis to collect in one place all the reports, charts, graphs, and cost analyses. Reduction of duplicate reports, elimination of unnecessary

reports, can be started immediately rather than waiting for a completely automatic system.

There's the danger of instituting an expensive data processing system for a report that wasn't really necessary. Tremendous savings are available in this area alone.

(3) **Work Distribution Analysis.** How many top executives are doing routine clerical work? How many people are trying to do work requiring a higher responsibility than they can complete? By properly dis-

**Atlantic City group:** NABAC President Robert F. Goodwin, comptroller, Wachovia Bank & Trust Co., Winston-Salem, N.C.; Charles A. Agemian, comptroller, Chase Manhattan Bank, New York; E. T. Shiplev, auditor, Wachovia Bank; Dr. V. D. Schoeller, Case Institute of Technology



STOEN

NABAC national officers, headquarters staff, and speakers at the opening of the Chicago conference



OSCAR



At the Atlantic City meeting

tributing the type of work a person does, marked savings can be had immediately.

**(4) Forms Design and Control.** Millions can be saved here.

**(5) Job Description, Analysis, and Simplification.** Savings in labor turnover and employee morale can be made if we put square pegs in square holes. Proper job description can reduce turnover. Simplification of jobs is a part of job analysis. Programs of basic motion economy, work simplification, safety studies lay the foundation for further investigation in electronics and automation.

**(6) Work Measurement.** We must standardize and measure the time required to perform any task; otherwise, we're building a structure on top of an extreme variable. Clerical work measurements have brought substantial savings.

**(7) Records and Filing Procedures.** We can standardize records so that they will fit in with common language machines and microfilming procedures. Coordination can provide much of the foundation for a sound system. A study of records and filing procedures can provide tremendous savings.

**(8) Layout and Space Utilization.** Where will the machines be put? How is the information going to flow? All of the previous steps funnel into the program of layout and space utilization. Study this problem; many immediate savings are possible.

#### **First, the Foundation**

"The problem," said Dr. Schoeller,

"is building towards automation without a heavy investment in equipment until such time as we have the solid foundation and have achieved all the potential cost savings possible before the installation of expensive, intricate machinery which can become obsolete in a very short time.

"We must develop an alertness among top management to the actual cost of present operations. Many of the steps mentioned require no expensive investment in equipment, but rather, a sound set of policies for investigation of potential savings that lay the foundation for further mechanization."

The program must be directed by a qualified person. There should also be a coordinating committee of top operating people representing the operating functions.

### **Toward Bookkeeping's Utopia**

**R**EPORTING on the progress of bookkeeping mechanization, Edward T. Shipley, auditor, Wachovia Bank & Trust Company, Winston-Salem, N. C., said that equipment now available and in development necessitates "certain basic changes" in the "generally accepted concept of the bookkeeping functions," if the machines are to perform at their best.

"While some of these changes are already in effect," he told the auditors and comptrollers, "they must become more widespread. As an example, to prevent impossible over-

loads, statements must be rendered on a cycle basis for all accounts with the possible exception of the commercial accounts; who will still insist upon a statement to coincide with their accounting period. To permit this, the commercial accounts must be segregated so that the cycle for their statement rendering will fall upon the last business day.

"We must accustom ourselves to operating without a current ledger or statement sheet and depend upon the memory devices of the machine to supply us with the details concerning an account which we may desire. Of course, when the statements are prepared on the statement date, the statement, checks, and deposits will be microfilmed prior to their mailing, and at that point, we have a complete visible record of the account. In the meantime, we will have available in the bank the photograph of the last statement showing the balance at the beginning of the current statement period and, in addition, our files will contain the checks and deposits paid or received since that date. Thus, the only information not immediately visible in its general accepted form will be the current balance.

"All of these devices, however, provide for either a daily trial balance or a device which will recall and print almost instantaneously, the current balance stored in the memory of the machine. This information can be called from the machine even though the machine may be in the middle of a posting operation, with no disruption of the posting function. . . ."

#### **Other Uses for Machines**

Machines that are being discussed primarily as bank bookkeeping machines are not necessarily limited in their operation to the posting of checks and deposits, Mr. Shipley pointed out.

"Where capacity is available within the equipment, it requires little imagination to suppose that these same devices can be employed to record the instalment loan transactions, mortgage loan postings, and other similar repetitive accounting functions. While the machine might appear to be expensive for any one of these operations individually, a combination of these accounting tasks might well justify the cost.

(CONTINUED ON PAGE 132)

# Public Relations

*Advertising . . . Promotion . . . Business Development . . .  
Community and Staff Relations*

## "What Do You Think of Us?"

WORCESTER COUNTY TRUST COMPANY, Worcester, Mass., asked its customers: "What can we do to improve our service to you?"

"It's a frank question and we want frank answers," said the bank in the introduction to a short questionnaire (*see cut*).

"When an individual reaches his 100th birthday the usual question asked of him is: 'To what do you attribute your age?' 1955 was the Worcester County Trust's 151st year of operation and we have been asking ourselves the same question. The most natural answer seems to be that the financial services we provide for our customers have been helpful and satisfactory.

"But we would like to be sure! You can help us if you will complete this questionnaire and give us your suggestions and reactions. You need not sign (but we'd like to have you) . . . just complete, seal, and drop in the mail."

When folded, the piece became a business reply envelope. There was space for checking the office most used by the customer.

In tabulating the results the bank set up four categories: replies completely favorable; favorable with a request for information; favorable with a minor criticism or suggestion; completely unfavorable.

Replies in the first category were answered with a standard letter of thanks, Vice-president H. Prentice Browning tells us. The others were answered individually, with emphasis, of course, on the question or criticism.

"Comments have ranged all the way from glowing praise to the airing of a gripe about the manner in which a loan was declined five and a half years ago," says Mr. Browning. "We are very pleased with the

results and plan to use the questionnaire as a statement stuffer to 900 to 1,000 accounts each month."

## The Results

From the first distribution the bank got a 10% return; 79% of the replies were signed. Here's the contents breakdown:

Completely favorable, 70%; favorable with requests for information, 8%; favorable with minor criticism or suggestion, 20%; completely unfavorable, 2%.

## "Community Betterment" Checks to New Depositors

THE BOWERY SAVINGS BANK of New York tried a different one at the opening of a Harlem branch. Each opener of an account of \$5 or

more, during the branch's first week, got a check for \$1 which he could make payable to a nonprofit organization of his choice.

The idea for these "checks for community betterment" was developed by the bank in cooperation with 100 leaders in the office's area. At some of the meetings the Bowery was host at its 42nd Street office; at others, President Earl B. Schwulst and other officers were guests of different uptown groups.

"When the Bowery enters a community," said Mr. Schwulst, "it wants to do everything it can to help the neighborhood. Churches, charities, and many other constructive agencies are working toward the same end, so we are glad to participate with them in community activities."

## OPINION SURVEY

Comparing us with other places with which you do business—

1. How do you rate us on:
- |                    | Better | As Good | Not As Good |
|--------------------|--------|---------|-------------|
| Friendliness?      | _____  | _____   | _____       |
| Efficiency?        | _____  | _____   | _____       |
| Helpfulness?       | _____  | _____   | _____       |
| Telephone Service? | _____  | _____   | _____       |

2. On the above answers you have rated "Not As Good" have you any specific suggestions for improvement? \_\_\_\_\_

3. What other Bank Services do you use:

Personal Loan	_____	Business Loan	_____
Auto Loan	_____	Trust Services	_____
Instalment Loan	_____	Savings	_____
Safe Deposit	_____	Christmas Club	_____
Others:	_____		

4. In your opinion, are we failing to serve efficiently and pleasantly in any of these services? If so, how? \_\_\_\_\_

5. How long have you used the services of the Worcester County Trust Company? \_\_\_\_\_

6. Did you know that when you have an account at one Worcester County Trust office you may deposit or withdraw at any of our 10 offices? \_\_\_\_\_

7. If you had need of additional banking services would you consider Worcester County Trust first? \_\_\_\_\_

8. Do you recommend our services to your friends? \_\_\_\_\_

9. Briefly, what could we do that would improve our service to you? \_\_\_\_\_

Additional comments or suggestions: \_\_\_\_\_

The Worcester bank's service questionnaire was folded, one side being a business reply envelope. There was space at the bottom for signature (not required)





Central National Bank of Cleveland has a "President's 100% Sales Club." Membership is open to every staffer who completes an assigned quota in new savings and commercial accounts. In the picture President Loring L. Gelbach, right, and Vice-president R. R. Eichman inspect a drawing of the club's emblem.

In addition to the checks, new depositors at the branch got wallets—and there were orchids for the ladies, magnetic money clips for the men, and balloons for the children.

## How One Bank Helps Professional People

UNION TRUST COMPANY OF THE DISTRICT OF COLUMBIA, Washington, is enlarging its usefulness and contacts through a series of meetings and clinics for business and professional people.

Planned for the fall is a session for doctors and their wives at which the bank will discuss that most important problem of self-employers, the creation of an estate. The wives will be invited because the bank realizes that physicians are so busy that their women folks often handle the family financial affairs. Insurance trusts, a correct investment program, and the effect of taxes on estate decisions will be on the agenda.

The bank is also scheduling an autumn luncheon for the insurance men of the District of Columbia who qualified last year for the "Million Dollar Round Table." Salesmen who can create that much business for their companies are worth knowing, Union Trust reasons. Certainly they are potential sources of business for the bank. Pictures of the affair will be taken with the intention of sending them to the insurance companies represented at the luncheon for possible use in their house organs. This is a little gimmick to build up prestige for the bank with corporate treasurers of the companies.

Twice a year for the last several years Union Trust has held "Economic Meetings." About 250 business and professional leaders of the community are invited to hear a prominent economist discuss the current economic outlook. His talk is followed by an informal reception which affords a splendid opportunity for the officers to visit with their guests.

This activity proved so popular that Union Trust decided to have other meetings devoted to specific professional groups. On one occasion it was host to 300 members of the local chapter of the National Secretaries Association. Bank officers explained the importance of deposits to a bank, types of loans and services of a modern trust department. The idea behind this meeting, according to the vice-president in charge of business development, was to make the secretary, through her knowledge of banking, more valuable to her boss. The bank has found many cases where the secretary is influential in picking the place where her boss does his banking.

## Family Story

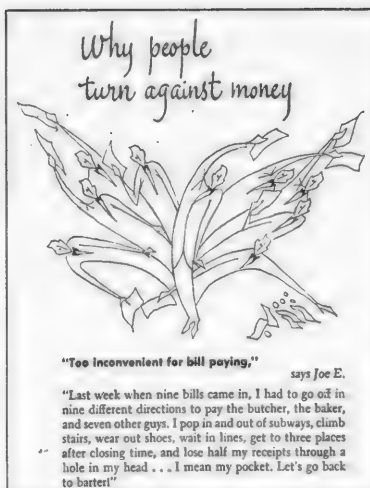
To help mark its 75th anniversary, THE PEOPLES NATIONAL BANK of Norristown, Pa., published *The Story of a Friendship*, an informal booklet that carries one family from its first savings account to the retirement of the old folks with a living trust.

Many bank services are brought into the little narrative as three generations become customers. Cartoons and color are used extensively.

## The MH Complex

THE FIRST NATIONAL CITY BANK of New York publishes an unusual mailing piece for customers of

Page from "The Story of a Friendship"



Several reasons for "hating money" are thus illustrated in the folder

a new office in the Socony-Mobil Building on East 42nd Street.

It's titled "Hints for People Who Hate Money." By combining humorous text with line drawings that match the copy mood, the booklet gives a light touch to the rather weighty job of selling bank services.

"Maybe," says the introduction, "you don't hate money (or at least you don't think so). But you'll be surprised how many of your friends and neighbors do. They'll readily admit that they like the things money can buy... but money, in itself, is something else again. Money has been known to bring on nervous breakdowns; cause husbands to raise their voices to their wives, and vice versa; and make children feel like disowning their parents."

"People with an MH (money-hating) complex have been studied closely and it has been found that it isn't the actual money that causes the trouble. What has really turned these folks against their dollars and (CONTINUED ON PAGE 144)



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# BANKS and PEOPLE

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*Stories That Make News*

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## Bank Has Scholarship for Cops

**A**t the Republic National Bank of Dallas there's now an annual scholarship for cops. One of many projects carrying out this bank's theory that good public relations begin with good community relations, it's known as the "Fred F. Florence Police Scholarship Award," named for the bank's president who is also president of the American Bankers Association.

The first award went to Dallas police lieutenant H. C. Kockos, and provided the young man's tuition for a 9-month course at the Traffic Institute, Northwestern University. A similar award will be made each year to an outstanding officer selected by the Police Department.

Republic is particularly interested in promoting activities for young

Dallas police lieutenant H. C. Kockos, holds the scholarship award check presented by Fred F. Florence, left, president of Republic National Bank. Second from left is Dallas City Manager Elgin Crull; right, Police Chief Karl Hansson



One of the new-style Hallowe'en window decorations in downtown Dallas



people. Vice-president George J. Watts, in charge of advertising and public relations, explains: "The best way, if not the only way, to insure that the best ideals and principles of our civilization are retained for future generations is to teach our students the merits of those ideals and beliefs at every opportunity."

Thus the bank's PR program at school-age level stresses respect for the property of others, thrift, creative ability, and personal integrity. It has a school savings service, an annual thrift essay contest for high school seniors, and a Hallowe'en window mural painting project. It also participates in the annual Alfonso Johnson Memorial Student Tour in which advertising students

from colleges in the Southwest are guests of the Dallas Advertising League. Each year the bank is host at a breakfast meeting.

Republic also has sponsored a feature story writing contest for high school journalism students, a junior achievement bank, an advertising poster contest.

Perhaps its best known activity is the mural project. Each Hallowe'en downtown Dallas show windows blossom with brilliant jack-o'-lanterns, witches, and goblins, produced by youngsters, with easily removed paints furnished by the bank. It took a bit of selling to persuade the merchants that this was a constructive outlet for youthful energies, but now it's a fall fixture. And Police Chief Carl F. Hansson says: "There is every indication that this project alone has greatly decreased petty acts of vandalism at Hallowe'en."

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"Banks and People" is by JOHN L. COOLEY of BANKING's staff.

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Oldest of Republic's youth projects is the school savings program, inaugurated in 1929. Pupils from 4th through 7th grades in 125 Dallas schools participate. Assistant Cashier Frank Fields points out that many students save enough to get a good start on a college education.

The thrift essay contest for graduating seniors in 10 Greater Dallas high schools is coordinated with Na-

tional Thrift Week. There are cash prizes, and a grand award: a one-year "Fred F. Florence Scholarship" to Southern Methodist University.

Mr. Florence once said "A banker's responsibility involves the things that are best for the community."

"We believe Republic's educational program is a partial discharge of that responsibility," says Mr. Watts.

## When the Leonards Went to the Bank



Four new passbooks await their owners —President Barrett has one for each of the little Leonards

## 'Unaccustomed As I Am . . .

YOU wouldn't expect a bank to take an interest in the oratorical abilities of folks in its town—but the National Bank of Commerce, Gastonia, N. C., has done just that.

It organized a public speaking course for the presidents of local civic clubs, got a college professor to teach the class, and paid all the bills. Gastonians requested a repeat performance, and they may get it.

The idea originated with A. Leonel Brunnermer, assistant vice-president, who steers the bank's public-community relations activities. After attending several club meetings, Mr. Brunnermer decided that the presidents—some of them, anyway—were perhaps a bit inexperienced at presiding and expressing themselves. Any shortcomings were quite understandable; the people just hadn't been coached.

"All right," Mr. Brunnermer said, "the bank will provide the coaching."

The first step was a letter to the

heads of the Gastonia civic organizations, including the women's groups, outlining the project and suggesting that each be represented in the proposed class, preferably by the person in line for the presidency. The purpose, explained the bank, was to help the leaders "talk on their feet" and conduct their meetings smoothly and efficiently.

The response was 100%; in fact, both the Gastonia newspapers wanted to attend, too. A speech professor at Davidson College agreed to teach the eight weekly three-hour sessions in the bank's board room. At each meeting all 22 members of the class made at least eight "speeches."

"The folks who took the course were very emphatic in their praise," says Mr. Brunnermer. "In fact, several of them organized a Toastmasters Club which, in turn, started a similar group."

Requests for a repeat came from members of the Gastonia City Council, among others.

The Gastonia bank's public speaking class at its final session—a banquet



THE four kids who came to the Brooklyn Savings Bank that morning may have expected somebody to say Thank You, but they weren't prepared for the trimmings which accompanied this courtesy.

The day before, the small sons of Mrs. Anna Leonard had brought her a paper they'd found on a Brooklyn street near home. There were words and figures on it.

Bright and early next morning Mrs. Leonard marched her youngsters to the bank. In her pocket was the paper—an uncashed \$900 teller's check. In her mind was the determination to get that check back as soon as possible, "to keep the owner from worrying a lot over his loss."

After Mrs. Leonard had explained her mission to Vice-president Philip L. Greenwalt, he told President Gilbert C. Barrett. Then things happened fast for the Leonards. Mr. Barrett thanked them, extolled the integrity that had prompted their visit, and gave coin banks and \$10 trust accounts to Henry, 5; Robert, 6; William, 8, and Howard, 9. Also, the little family toured the bank, from president's office to vault, a photographer made a picture, and everybody was very happy.

Happiest, perhaps, was the mother who had done that AAA job of character building.



At the left is the Savings Bank of Danbury today. The small building in the picture at the right was the bank's home at the time the mortgage was made in 1858. It became an insurance office when the bank moved to the adjacent building in 1866

## Bankers Are Patient Men

**W**HEN Harold P. Splain, president of the 107-year-old Savings Bank of Danbury, Conn., read *BANKING'S* April story about the mortgage that's been in good standing at the Vermont Savings Bank, Brattleboro, since 1872, he smiled. Then he wrote us a letter.

"Around here," he said, "we don't consider a mortgage really seasoned unless it was made prior to 1872. We have a note dated July 1, 1858, secured by a mortgage dated September 10, 1858, in the amount of \$500.

"Some of our competitors, who, I imagine, think we are usually too conservative for modern times, may remark that we haven't made any mortgages since 1872. This, however," added the Connecticut banker, "is an exaggeration."

Mr. Splain attributes the time lag between the making of the note and mortgage to "the more leisurely and deliberate customs which prevailed in the mid-1800s when speed, efficiency, and modern mechanical devices were still far in the future."

On January 1, 1868, the property—a house and 36 acres of land—was further encumbered by a \$125 loan, and five years later \$75 more was added to the indebtedness, bringing the total to \$700. All these notes were payable on demand.

The property is now, of course, in other hands, and the bank's

amortization program, introduced in the early 1940s, has cut the \$700 to \$280, canceling the \$125 and \$75 notes. Interest has never been in default.

"I would incline to the belief that probably there are mortgages of equal or even more venerable vintage," says Mr. Splain, charily, "so I do not wish to make any claims that this is the oldest." Pointing out that virtually all mortgages made today are time rather than demand

commitments, he believes it doubtful "if we will ever again acquire one which will weather the years as this has."

"Occasionally, however, we do make a demand mortgage, and a borrower will ask what will happen if the bank demands payment. For such a question we have the irrefutable answer: we produce this mortgage for his inspection. He realizes, then, that he's in the hands of patient men."

### BANK STAGES MUSICAL COMEDY

Here's a scene from "Hotel Sunfish," the eighth musical comedy staged by the staff of Harris Trust and Savings Bank, Chicago. It was presented by the Harris Fellowship Club to an audience of bank families and friends, at the Eighth Street Theatre. In the dance number pictured are Violet Platt, Jewel Spivack, Betty Gotz, Joan Larson, Donna Beeler, and Beverly Murray





# Along the Wide Missouri

WE pass this along, more or less as it cantered from the typewriter of Mr. Chuck Stiles, advertising manager of the Williston, N. Dak., *Herald*. He was there.

It seems that the grand opening of the American State Bank's new quarters "closed with a bang." One of the 10,000 visitors—farmers, ranchers, businessmen—fired at a drive-up window to see if it was really bulletproof. (The answer, in case you can't wait, is affirmative.)

The bank's brand new home made a traditional western debut: the first depositor rode up on horseback. That was on the program. Traditional also, perhaps, but certainly not part of the agenda, was the action of the curious soul who "fired a high-powered rifle at the teller's window." He found out two things, observes Mr. Chuck Stiles: First, he couldn't get away with it (being nabbed immediately), and second, the glass *was* bulletproof.



This is the new home of the American State Bank, Williston, N. Dak.

The celebration tied together considerable history. It marked the 50th year since President W. S. Davidson arrived in town and started a bank in a log cabin. Also, it celebrated the boom that hit the district when oil was discovered in the Williston basin. Before that momentous event, the city on the Missouri's banks was just another "quiet cow town." The population



The first drive-up depositor arrived on horseback. (He's not the chap who tried out the bullet-proof glass!)

has nearly doubled since—and Williston has a \$500,000 bank building.

## Ring on, Bank Bells!

ADD to the famous bells—St. Mary's, Dick Whittington's, Poe's, Tennyson's "wild bells"—the Westminster chimes atop The Bank for Savings at Third Avenue and East 72nd Street, New York City.

They've just played their way through a court test!

Every half hour between 9 A. M. and 6 P. M. these bells repeat the well-known 18th century tune, "Cambridge Quarters."

A physician living in the neighborhood objected, not to the sound but to its repetition, and he obtained a summons against the bank.

Before giving judgment, Magistrate George Postel twice visited the doctor's neighborhood and listened. Then he ruled:

"The court finds that the chimes are of a musical note, are not of such a character as could unduly harass, and are not disturbing."

The judge also said that until the

elevated railroad was demolished—a modernization recently completed—Third Avenue was subjected to a



This is the bank with the cupola from which the bells still ring

noise "much louder and more voluminous." He thought the bank's bells were in keeping "with the changing times" on the old East Side avenue.

Incidentally, when the case first got in the newspapers The Bank for Savings' mail was heavy with letters from neighborhood residents who hoped fervently that the chimes would be neither muffled nor silenced. Many folks said the bells were part of their lives, and would be sadly missed.

So the bells ring on.

The *New York Times*, in a pleasant, little story, reported that the tune they play "is believed to have been set up in about 1793 for St. Mary's Church (the Great) at Cambridge by William Crotch, an organist who attended Cambridge University."

The *Times* even reproduced the eight notes of the air.

# OFFICER CALLS *and* PERSONAL CONTACT

*The author is vice-president, The Union Market National Bank, Wattertown, Mass.*

**B**ANK public relations men have long recognized the valuable contribution officer-call programs make in a business development effort. At the outset, however, it should be made clear that the observations that follow are predicated on the assumption that officer participation in a calling program is a part-time effort. The main duties of these officers lie in the many specialized areas of bank work.

In addition, it is advisable to state a few basic considerations that must be recognized and dealt with before any call program is undertaken. For example, every banker will recognize the following:

(1) Officer-call programs must have the approval, endorsement, and participation of top management.

(2) The majority of bank officers are not professionally trained salesmen, and their participation in a call program will not develop them into dynamic sales personalities.

(3) A call program compels the banker to assume the contact initiative, and it is this aspect of the program that bankers find most disconcerting.

## **Management Support Necessary**

Let us examine the first consideration more closely. No plan, however well organized or soundly based it may be, can long survive if it lacks sincere top management endorsement. All who participate should be thoroughly aware of the high regard management holds for the program and the great importance it attaches to its objective. Little of value is ever accomplished when the higher echelons are only perfunctorily interested. Simply to give the program a nod and to designate an

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WILLIAM R. KENNEDY

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officer as coordinator is not enough, and, if that is the extent of management's interest in a given program, it is more than likely that it will soon deteriorate to a point where there will be little or nothing to coordinate.

Many banks throughout the country have installed or reactivated a call program during the past few years. This is an encouraging indication that more banks now recognize the importance of visiting the customer on his home grounds.

Unfortunately, and of more importance for discussion at this time, is the fact that some banks have failed to sustain their initial effort. Let us seek to identify some of the pitfalls or roadblocks which they encounter along the way, and, if possible, suggest methods or techniques to deal with them. A typical example of a bank in trouble is found in this letter from a bank in North Carolina: "For years our bank has struggled with a poorly organized, ineffective officer-call program. Quotas are not being met, and the quality of calls made has not been good. In spite of our shortcomings in this respect, we feel the program has been of some value to us and is potentially of great value."

This bank's forthright admission of difficulty in maintaining program continuity is not unlike several other bank communications. An analysis of such letters reveals that the reasons for program failure could quite accurately be listed under two headings: (1), tendency to be over-ambitious; and (2), unrealistic program objectives. These reasons suggest that a bank starting a call program might more reasonably assure its initial success if it estab-

lished moderate demands, such as the following:

(1) Include only officers whose main duties are of a customer contact nature.

(2) Let officers select accounts to contact. Calling is a new experience, and officers will feel more comfortable if they contact a customer known to them.

(3) Make the number of calls well within the capacity of each officer. For example, many banks start with a plan of only one call per man a week. On this basis 10 officers will make 520 calls a year, and in many banks with 10 officers this would represent a very high percentage of account contact.

(4) Provide each officer with material to take on assignment. This might be a sales kit or a manual. (These will be discussed more completely later on.)

(5) Require reports on each call; encourage completeness. Comments on customers' personal interests and hobbies should be included. Remember, calling is basically a human relations effort.

(6) Establish some basis on which each officer's participation can be measured relatively, such as quotas, reports, or meetings. Productiveness need not be the measure. That is the yardstick used to measure full-time business development efforts.

## **Sales Kits**

The use of sales kits or manuals by officers when they call on customers is a relatively new concept.

One of the first to experiment with this idea was the Bank of Georgia. Roy Collier of that bank submitted a project study on this subject to the School of Financial Public Relations at Northwestern. The use of the sales manual by this bank follows a definite pattern, and its

objective is to review all the material in the kit with the customer prospect. In reply to the question, "Does the use of the sales kit bring you closer to the customer?" Mr. Collier's answer is: "Yes, it certainly does. Instead of a 5-minute call at the end of which we left a statement, we spend 45 to 60 minutes with the customer. Instead of a few remarks about the weather and mutual friends, we discuss bank services."

This statement indicates that there is a purpose and direction to every call made, and how else can additional bank business be developed except through an intelligent discussion of bank services?

### Tailor-made Manuals

Each bank can best develop its own type of manual, and its use need not follow a single pattern. For example, some banks provide their officers with kits that are intended to be used only for reference during an interview. These kits generally contain rate charts for loans, schedules of checking account activity charges, and other prepared information as to cost and features of the individual bank's services. In addition, material of an institutional nature, such as statement of condition, pictures of bank personalities and facilities, and certainly advertising material, should be included. During a customer interview these kits can be referred to in order to answer a specific question that otherwise might require a call back, or, even worse, an incorrect answer because the officer was embarrassed or misinformed. A sales kit that provides answers to customers' inquiries builds officer confidence. The officer can also refer to the kit if he needs an assist in getting the interview started or in sustaining it. An officer who calls with something under his arm creates a businesslike impression.

The sales kit or manual provides a psychological crutch that should not be overlooked nor underestimated when developing or reviewing a call program. So that there will be no risk of interpreting these remarks as personal prejudice, let me quote what other bankers have written on this subject:

(1) "It was my pleasure to use a sales kit in our program. . . . There is no question but that the sales kit was of untold value in our business development."

(2) "Generally, we feel that with the addition of this kit to our selling program we have been able to do a more effective job in selling the services to a prospect in that we can show all the advantages in black and white."

(3) "We surely do endorse the sales kit in business development. We all co-operated in making up the kits and feel now we have one that comes as close as possible to describing all the bank's services. There is no doubt in my mind that the sales kit did a lot to break down the reluctance of officers in visiting customers. . . . We are convinced that the sales manual has been a deciding factor between a productive and nonproductive call."

Determining the number of calls each officer can handle conveniently must be left to the individual bank. The possibility of including more officers in the program should be thoroughly investigated. The participation of junior officers is especially recommended. Many banks are enthusiastic about the performance of such officers in the calling program. Yet, there are many bankers who shudder at the suggestion. This reluctance is ascribed, for the most part, to a feeling that the junior officer lacks the experience and know-how essential to an adequate presentation of the bank's services.

### Advantages of Junior Officer Calls

The following advantages are offered as refutative evidence to this negative attitude:

(1) Junior officers can contact the small manufacturer and retailer who otherwise would be outside the program. Incidentally, these customers are in special need of correct banking information and constitute a vast market for additional banking services.

(2) The participation of junior officers has increased the number of bank contacts within larger industrial organizations. For example, a senior officer contacts the president or treasurer, while the junior officer contacts a lower echelon, such as personnel or office manager.

(3) The experience gained from participating in such a program should accelerate the junior officer's training, and, of equal importance, give him a feeling of being on the management team. (Incidentally, at least one bank includes tellers in the calling program, and the results have been very satisfactory.)

Another business development effort that has attracted attention during the past few years has been the practice of having bank representatives call on the householder. This has been particularly evident where banks are attempting to promote or introduce newly established residential branch offices. Significantly, bank women personnel and local residents are used to tell the story.

In our own case we are fortunate in that our representative is a former secretary of the bank and, consequently, is familiar with bank policy, personnel, and services. She carries a sales kit, makes a report on each call, and is paid on either a per-call or per-hour basis, whichever is higher. Our plan has been in operation since 1951, and we believe it has accomplished several objectives.

### What the Program Has Done for One Bank

(1) Developed goodwill for the bank.

(2) Developed additional business for the bank.

(3) Provided—through the representative's reports—a qualitative audit of branch customer relations.

In conclusion, here is a selection of quotations from bankers who have used the techniques discussed in this article:

(1) "The summer of 1955 we used a form of a sales kit in the vicinity of our branch office. A local high school basketball coach represented the bank in making house to house calls. The school teacher had been trained in the bank for a 2-week period on general policy, and made an excellent representative for the bank."

(2) "We are very much satisfied with our program of using the sales kit and an outside representative. We have a lady in the field who visits each home and describes all the services our bank offers. . . . We find that a woman seems to be better suited than a man to gaining entrance to homes. She makes a written report on each call. Any adverse comments are referred to our branch managers."

(3) "It is a pleasure to enclose a sales kit that we used in connection with the recent opening of our fifth branch banking office. We felt that the kit was valuable in that it contained sales copy about some of the services that we have available and that it provided the canvasser with something to leave with the householder."

# Directors' Responsibility for OVER-ALL POLICY

HERBERT BRATTER

*This series of articles, covering the entire range of bank directors' interests, began in April. MR. BRATTER, who writes from Washington, is preparing the series in close cooperation with the staffs of the Federal banking agencies—in the case of this month's article, the FDIC.*

**I**N a bank, the directors' duty is to direct and not to be led. The officers are charged with carrying out the directors' policies, but it is not enough for the directors to lay down the policies. They must be ever alert to insure that the policies are being faithfully, ably, and honestly executed by bank personnel.

In carrying out this and other responsibilities the directors may either act as a group or delegate tasks to committees of directors or to individual directors. In such cases the committees or individual directors concerned should make written reports to the board and the latter should give such reports its prompt and careful attention. Merely vesting a committee with certain authority does not relieve the remaining directors of responsibility if the committee should be remiss.

## A Variety of Duties

Directors' duties include: determining how the business of the bank shall be conducted; appointing, dismissing, and defining the duties of officers; paying proper dividends; attending board meetings regularly, and in other ways diligently administering the bank's affairs.

It is in small banks that the performance of directors is often inadequate, either because the directors are uninformed or because they tend

to defer unduly to the chief stock holders. Sometimes, also, directors fail to perform well because they have not adopted an orderly and systematic program. In some instances, board meetings tend to take on the character of social gatherings, while the bank's officers are left free to make as well as to carry out policy.

## Regular Program

A way to avoid this is for the board to follow a regular program at all meetings, including: reading and approval of the minutes; receiving reports of committees and individual directors; receiving the president's and cashier's reports on the bank's condition, personnel, examiner's findings and the like; analyzing the asset and liability distribution; reviewing securities transactions; approving new loans; reviewing over-all loan policy; examining the loan portfolio for overdue items, extensions, renewals, excessive loans, special loans, and loans to officers; examining bills payable, discounts, surety bonds, communications from bank authorities, expenses and expense trends, earnings, dividends, and other matters.

It is important that a bank always be adequately capitalized. Governor J. L. Robertson of the Federal Reserve Board says: "The directors should understand fully the bank's capital strength or weakness, for not only must the capital structure bear the brunt of losses, but, in addition, it largely determines the extent to which the bank can expand and take advantage of opportunities. Any undercapitalized business has inherent weaknesses, but in the case of banks such weaknesses increase the stern responsibility of the directors.

Therefore, in the development of any program the directors should always ask themselves whether the capital cushion is adequate. If it is not, capital should be increased or the program should be curtailed or abandoned."

Establishment of the bank's over-all lending policies is the directors' duty. Should loans be made only in the immediate neighborhood or farther afield? What should be the aggregate for the loan portfolio and of it how much should go for commercial, term, consumer, real-estate and other types of credit? How much downpayment should be required on GI loans? Are the loan maturities adequately staggered? These questions the directors must handle.

## Investment Policy

Hand in hand with loan policy goes investment policy. The directors must be sure that a wise course is being pursued, that investments like loans are properly staggered in maturity, that securities purchased are appropriate to the kind of liabilities the bank assumes. The board should determine a suitable aggregate volume for the securities portfolio and the proportions to be invested in various types of securities. It should set quality standards for investments and, when major amounts are involved, should obtain the essential credit information on the issuer. The bond account should be reviewed frequently in the light of the bank's activities and needs.

The internal security of the bank is a subject to which directors should give unrelaxed attention. First and foremost, provision should be made for competent and periodic audit-



ing of the bank's records and assets to make sure that the statements placed before the directors reflect the realities. Dozens of steps are necessary properly to carry out this function, which may be performed by an audit committee or, under its orders, by outside accountants. Everything must be checked and double-checked.

The directors must make sure that at all times surety-bond coverage is adequate, as well as armed robbery insurance and other coverage. No bank employee should be allowed to go more than a year without a vacation. This should be the policy of all banks. Moreover, where appropriate, employees should be rotated. Cash handling and book-keeping operations should be done by different individuals wherever possible. In these ways improper activities may be prevented or uncovered in an early stage. It is for the directors to lay down the policy in this regard and to make sure that it is being followed.

### Real Estate

Keeping the bank's real estate in hand is also the directors' duty. It is for them to see to it that the amounts invested in bank premises are commensurate with the business potential and that not too much of the bank's capital is tied up in physical plant. The directors are concerned, too, with the bank's architecture and appearance. Related to this as well as to other considerations is the question of branches, on which the directors naturally have to pass.

This touches too on the subject of new business and competition with other banks in the community. The directors should avoid getting the bank involved in cut-throat competition with other lending institutions. At the same time it is expected that individual directors will always do what they can to bring new business to the bank.

Constant awareness of public relations is also expected of bank directors. The bank is a public service institution. The directors should make certain that their institution leaves no stone unturned in properly serving the community. At the same time the directors can do much to obtain better public understanding of the things the bank is doing for the community. In addition to catering to credit needs and providing

part of the money supply of the community, offering savings accounts, safe-deposit and safe-keeping facilities, trust services and the like, banks perform various public services for both depositors and strangers without charge to the individuals concerned. Issuance and redemption of savings bonds and the wartime handling of ration coupons are examples. Bank directors are in a position to help educate the community on the important services being rendered by their bank.

Interest rate policy should be set by the directors. The interest rate for savings accounts should be reviewed from time to time in the light of broad money market trends and the circumstances of competition, but with the avoidance of interest-rate "wars." Competition should always be on a sound basis. Similarly, the directors are responsible for determining the bank's over-all policy as to interest charges on various types of loans.

Consumer loans have become of increased importance to banks in recent years. Naturally the directors cannot take up each such loan individually, but they are the ones to set the bank's over-all policy to make sure that instalment payments are properly scheduled, that they are being made on time and that any such loans in default are not being neglected.

Another topic with which direc-

tors have concern is automation, including the adoption of labor-saving methods and equipment.

Fixing the pay scales for employees is also something for director determination. Pay should be adequate to attract competent personnel. In Washington, D. C., for example, when the Congress raises the pay of civil servants, the banks have to give matching increases lest they lose employees. Not only should bank pay scales be adequate to attract and hold competent personnel, but directors should concern themselves with a satisfactory system of promotions, so that subordinate employees may feel that they have a future with the institution.

No less important is it that the directors ensure the grooming of younger officers for the top posts in management so as to insure continuity. They should not allow a top officer to insure his own tenure of office by failing to train others to succeed him.

Interdepartmental rivalry should be curbed. The interests of the bank are greater than the interests of any one department.

The directors should review all the bank's expenses as often as necessary, comparing the budget with that of other banks of comparable size as reflected in data available from the nearest Federal Reserve bank.

Waste should be eliminated.

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### Directors Can Sell, Too

WHEN you are asked the question: "How can a bank director best serve his bank?" a reasonably fresh and stimulating answer is this: The bank director can sell the bank's services. How, you may ask? Well, first of all, the bank director must sell America and our banking system, but, to be more specific, the bank director may sell the bank's services. Now, again, you may fairly ask, "Why should a bank director care about selling anything, because they never have, have they, had to be salesmen?" To be a bank director, you know, is to have a splendid opportunity for service to one's community. It asks of each man that he bring to the bank's affairs that same business skill and judgment which has made him a success in his own business. But, in addition, today's bank director may serve as a salesman for his bank.

Today, everyone in a bank should be a salesman, even when writing letters, when answering the telephone, and all the time. In that way, everyone has a chance to buy. Of course, in any sales program, there is always a good chance of overselling. The right way to sell is a matter of judgment and that's what banks have officers and directors for . . .

—From *The United States Investor*

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# What the Good Insurance Manager Must Know

HENRY ANDERSON

*The author is manager, insurance department, American Broadcasting-Paramount Theatres, Inc. The discussion which follows is based on a talk which he gave recently at the convention of the Savings Banks Insurance Forum of the State of New York.*

THERE is little difference between the insurance problem of a small bank and that of a large bank. Insurance is relatively more important for the protection of the small bank, for it can less well afford to absorb the distortion resulting from an uninsured loss. It does not produce the averages that a large bank produces.

## Same Skill—Large or Small Bank

The employee charged with the responsibility of managing the bank's insurance must have the same basic knowledge of insurance principles and practices whether the bank be a large one or a small one. Anything short of perfection in insurance management is dangerous. The person administering fire insurance, for example, must have, and it is presupposed that he has, a thorough knowledge of the fire insurance policy contract and the court decisions defining it. He is informed upon the conventional endorsements and their effect upon the contract and, more important, he is able to analyze and evaluate any unusual endorsements. He is thoroughly familiar with every phase of the mortgagee clause and with the decisions relating to the clause. He has a similar complete knowledge of the public liability and workman's compensation policies; blanket bonds; and other applicable forms of insurance.

He knows the effects of an incorrect or incomplete designation of the insured; an incorrect address; and incorrect description of the occupancy of the building, upon the protection afforded by the policy to the

owner and to the mortgagee. He knows the effect of foreclosure upon the insurance policy.

There has been a recent trend toward making loans on property outside the state of domicile of the bank. Formerly, it was necessary to know the insurance law of New York State only. Today it may be necessary to know the insurance laws of many states. For example, the application of the co-insurance clause, the valued policy, etc. There are still several different standard fire insurance policies in use, each approved by a single state or a few states.

## Manager's Role May Be Important

The bank is a party to the adjustment of fire or other losses, and the insurance manager is required to be thoroughly familiar with the procedure, even though he may not be drawn into the adjustment of smaller losses. In the case of large or total losses his role may be most important. The adjustment of a loss is the final and definitive test of the insurance company, the insurance policy, and of the insurance manager. Once the loss has occurred, it is too late to amend the policy or to increase its coverage.

Here, a knowledge of the terms and conditions of the policy, a knowledge of insurable values, the ability to understand the appraisal of the property made before the loss, and an understanding of the appraisal of the damage and of the undamaged property are vital. Opinion and judgment and intangibles enter into the matter, and tact, personality, and knowledge are requisites.

The insurance manager must know the financial condition of the insurance companies whose policy he accepts as protection for his bank's loans and his bank's operations. In order to discharge his responsibility to the bank, he must know the value of the insurance policy asset which

he holds. He must know the amount of insurance which he can safely accept from any one company on any one property or area. I know no royal road to this except to subscribe to one of the financial rating services and use it for reference on every insurance company encountered.

Flood insurance is one of the serious problems confronting industry, the insurance world, and the Federal Government. Developments should be watched by the insurance manager. They are the subject of discussion and reporting in the daily press and in the insurance trade journals. The insurance manager should keep himself informed on this subject. Banks should urge that this problem be solved and lend their efforts to any constructive movement in this field.

## Nuclear Explosion Loss

No discussion of insurance is complete today without reference to atomic energy. There is bound to be important expansion in this field. While the bank insurance manager may not be expected to become expert or do original thinking on this subject, he must have a background knowledge and an understanding of both the limitations of damage and of the magnitude of disaster which may arise out of nuclear accidents. He should have a reasonable appreciation of just what may happen under a given set of conditions. He should understand the possibility of damage by nuclear explosion, by fall-out or air-borne contamination, and by contamination due to waste products, which last, under most abnormal conditions, could threaten entire communities.

Much excellent understandable material is currently being published on this subject, and should be studied.

Never forget that every mortgaged building is a potentially owned building. Foreclosure may result in

sudden and unexpected ownership and operation of the mortgaged property. While matters relating to compliance with building codes are not directly the insurance manager's responsibility, nevertheless he should know the extent to which mortgaged buildings comply with current building codes.

There is one important reason for this. A number of state and city building codes provide that if a building is damaged to, say, more than 50% of its value, the current building code must be followed in its entirety in rebuilding. In some instances change of occupancy or ownership may invoke the provisions of a new code, or the withdrawal of permits or licenses. For example, a brick and joist building in a certain fire district, if partially destroyed, may have to be demolished and rebuilt with fire resistant material. Demolition insurance may be essential in such a situation.

### Alarm Devices

Alarm devices on vaults, either connected to the central station of one of the alarm companies or to gongs or bells on the outside of the building, appear to be a primary requirement. There are many types, and a thorough study should be made to determine the best type for any one bank or situation. Alarm devices designed to be operated by employees at the time of holdup should be filtered most thoroughly before adoption. Under no condition should employees be permitted to risk their lives or be endangered in any manner. Study and thought should, however, be given to all precautions that can be taken to prevent the occurrence of a holdup. Once the holdup has occurred, it is too late.

Drills or rehearsals of preventive procedure or of procedure at the time of holdup might save life or injury, and in turn save funds. The better handled and protected the funds are, the greater the safety of the employees. Carelessly handled money encourages attack and is dangerous. The prospective bandit probably knows the bank procedure as well as does the bank.

Certainly a most serious study must be made before guards or other employees are provided with firearms with the direct or implied order that they be used. This whole matter should be handled with the

utmost discretion, and only with the full approval and special instruction of the police department. This applies to the interior of the premises as well as to the carrying of money outside to and from other banks. Employment of armored car services is in most instances justified.

The insurance manager has a dual interest. He handles insurance covering, first, operation of the bank itself, and, second, the insurance taken out in connection with mortgaged property. Actually, the insurance covering bank operations is more direct and involves possibility of far greater loss to the depositor than does the insurance on mortgaged property.

### Industrial Insurance

In industrial insurance, only half of the insurance manager's function is handling insurance. An equally important aspect of his work is loss prevention. Loss prevention must go hand-in-hand with insurance. Losses of all types must be prevented in order to keep down costs. There do not exist the same possibilities of loss prevention in connection with savings bank operations as are found in industry, but, nevertheless, opportunities to make a valuable contribution arise from time to time. This is a function of the individual insurance manager, and of an organization of insurance managers, such as the Savings Banks Insurance Forum.

Each promotional activity should be explored, and discussed, particularly with the bank's attorneys and with the public liability insurance carrier. Prizes involving transportation of children, trips, sponsoring of games or athletic contests, tie-ins with schools, "grand openings," etc., may involve distinct and direct liability for personal injuries and, therefore, require special and definite insurance coverage. This is important.

### Insurable Value of Property

It is difficult today to determine the true insurable value of a property. Before the fire, consideration is given to the cost of insurance, and there is a natural reluctance to over-insure. Immediately after the fire, the amount of the policy seems suddenly to have shrunk. Bids for repairs seem exorbitant, coinsurance rears its ugly head, and an unhappy time is had by all. The insurance companies are usually fair in their

approach and somehow it works out satisfactorily.

A disturbing case has recently been brought into court in which the owner-mortgagor placed a second mortgage on the property, of which the first mortgagee had knowledge. The insurance company contended that the placing of a second mortgage was an increase of hazard, on the theory that the owner had a greater incentive for the property to burn than he had before the second mortgage was placed. As I recall, the decision was to the effect that there was not a significant increase in hazard, but it is disturbing to realize that this case could have reached one of the higher courts.

Not long ago great secrecy surrounded defalcations and the manner in which they had been planned and executed.

I believe that there has come about a much freer exchange of information, which should continue and be extended. In the case of fires, for years every detail of important fires has been revealed. Through the compilation of statistics and the study of lessons from each fire, the science and profession of fire prevention engineering has developed.

### Advice to Management

The insurance manager, because of his contacts with insurance companies and his fellow managers, is in a position to recommend to management improvements in procedures to prevent defalcations.

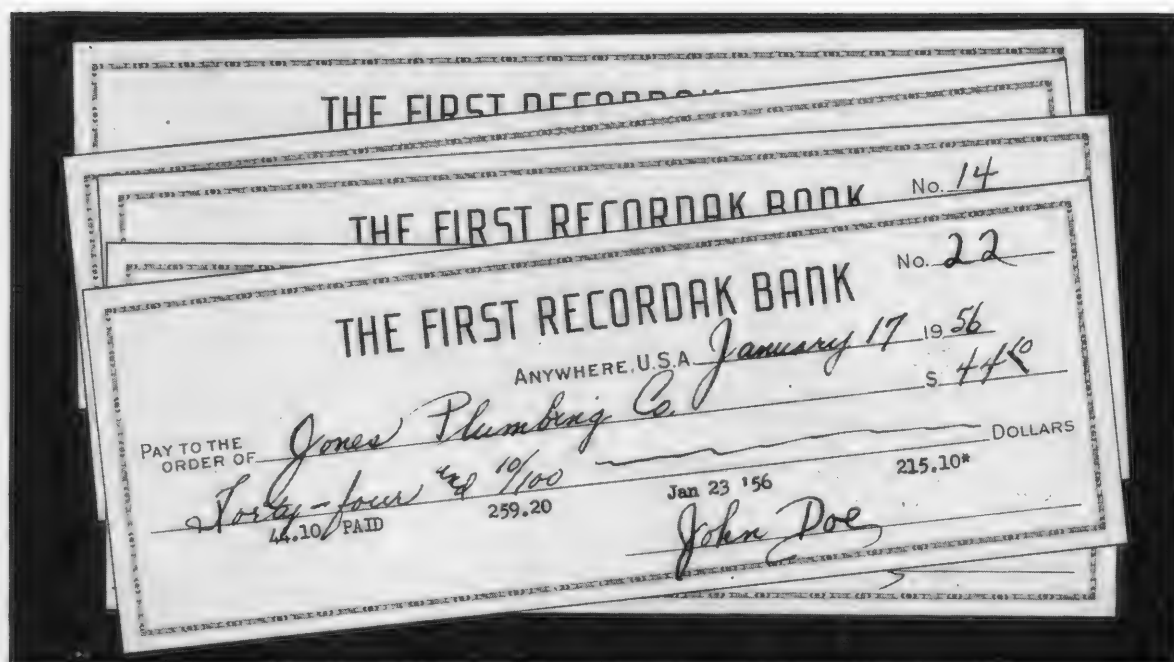
While a bank is not a hazardous operation, nevertheless, many thousands of persons pass through its doors during the course of a year. There are the same types of hazard with which a store or other building to which the public is invited is confronted. Adequate limits of liability should be carried. I suggest limits of at least \$300,000 for one person and \$1,000,000 for one accident, under today's conditions.

I have never known why carrying public liability insurance in adequate limits should not be a mortgage requirement. Where mortgages are placed on properties such as apartments and mercantile buildings, not only physical values are studied but the property is evaluated as a going concern. An uninsured catastrophe might well bring an end to what was otherwise a profitable operation.

(CONTINUED ON PAGE 143)



## Greater Post-To-Check savings



**RECORDAK**

(Subsidiary of Eastman Kodak Company)

originator of modern microfilming—and its application to banking systems



**The measure of your success with the new Post-To-Check System depends greatly upon fast, trouble-free microfilming.**

And you can make no wiser choice today than the new Recordak Reliant.

This sensational low-cost microfilmer introduces many conveniences to smooth your work flow and cut your operating expense. For example—

1. A new high-precision automatic feeder all but ends possibility of missed pictures . . . lets even inexperienced clerks feed checks and statements by the handful. Documents which are fed crookedly are automatically straightened out, and photographed without creasing or tearing.

2. Front, eye-level stacking of photographed documents ends reaching and stooping. All controls are at operator's fingertips.

3. Speed . . . more than you'll ever need! Four hundred checks, for example, can be fed in one minute.

4. Automatic cancelling in the microfilming run eliminates a separate operation.

The Reliant also gives you the lowest per-picture cost—lets you photograph at 40-to-1 reduction—get pictures of 62 checks and 10 statements for just 1¢. *Many additional features*—each reflecting the know-how acquired by Recordak and Kodak in 29 years of microfilming research and development.

## with Recordak Reliant

### How you can save \$1 per account each year with Post-To-Check and a Recordak Reliant

- One posting clerk can easily handle 3000-3500 accounts, each averaging about 10 items per month.
- Fewer and less expensive book-keeping machines are required.
- Far less floor space is needed. A room 25 x 40 ft. is adequate for 16,000 accounts.
- Separate signature-checking and check-filing operations are eliminated. Both are done at time of posting.
- Peak billing periods and costly overtime are eliminated.

- Posting errors are reduced as much as 80%.
- Customer inquiries are reduced about 50% by mailing statements monthly instead of quarterly. Good will is increased.
- Audit control is sounder. And you get a complete audit every month. Trial balances are eliminated.
- Funds cannot be transferred from one cycle to another, which discourages internal embezzlement.
- Stationery costs are cut sub-

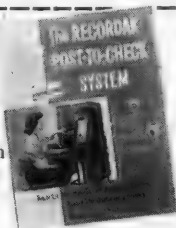
stantially. *Even mailing charges are reduced*, impossible as it sounds.

- Film records save up to 99% of space formerly required for carbon ledgers and deposit slips.
- Reference is faster—the complete monthly record of each account is filed in one location on the film . . . can't be altered without detection.
- Fraudulent claims are disproved by your photographically accurate film records.



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Gentlemen: Please send your free illustrated folder describing Recordak Post-To-Check System

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Bank \_\_\_\_\_ Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

# GOVERNMENT BONDS

*Recovery in Government market. . . . No let-up in demand for credit.  
. . . . Bank borrowings increase. . . . Credit squeeze this month? . . .  
Treasury bills at new high cost. . . . Open Market Committee does little.  
. . . . Discounting the future?*

MURRAY OLYPHANT

**W**HEN the market for Government securities stages a recovery, it is usually justified by a change in the credit supply or by a definite indication that such a change is imminent. No such change has been indicated in the business figures in recent weeks. Yet the market in May staged enough of a recovery to wipe out most of the loss which took place at the time the rediscount rate was raised in mid-April.

This recovery in value, however, was confined to the longer issues. The shorter notes and bonds, in the 1- to 5-year maturity range, did not participate, and their prices remained more in line with actual continuance of credit restriction.

The improved sentiment, which permitted the mark-up of the longer-term bond prices, was apparently based on the belief that the well publicized and overemphasized disagreement reported between the Federal Reserve and the Treasury as to the advisability of raising the rediscount rate was the forerunner of some amelioration in the Federal Reserve policy of "sustained credit restriction."

## A "Probability"

Moreover, when two of the 12 Federal Reserve banks raised their rediscount rate to 3%, it was generally felt that the remaining 10 banks would probably do the same quite soon. When this did not prove to be the case, there was the wishful feeling that perhaps the final step in the restriction of credit had occurred and that further changes might be in the direction of greater ease. This feeling seemed to overlook the probability that demand for loans to pay corporate taxes

might intensify the credit squeeze to a point where the 3% rediscount rate would be adopted by all the Federal Reserve banks.

Actually there was nothing in the business figures to indicate that any credit relaxation whatever was to be looked for. Nevertheless the right or wrong expectations or hopes for some easing up of the credit policies found the market for the longer-term bonds both oversold and overmarked-down.

From day to day, mark-ups in price continued.

It is probably true that the actual number of buyers was very small, as was the volume of transactions. There are no groups of investor institutions which are likely to turn to the Government market in the near future. They can still do better elsewhere.

## Credit Demand Continues

For the reporting member banks, all their loan categories increased as follows between April 4 and 25:

### *Long-Term Bond Awaits Better Market*

W. Randolph Burgess, Under Secretary of the Treasury, told the National Association of Mutual Savings Banks convention in Washington that when market conditions were "somewhat better" the Treasury would again offer a long-term bond. "It is not a secret we are not going to put out a 3% bond issue now," he said, adding: "We will try, when the occasion offers, to tap that long-term market."

(millions)

Commercial, industrial, and agricultural .....	\$349
Real estate .....	\$100
Consumer .....	\$165
Loans to banks .....	\$135

While this was a smaller increase than in March, it was much larger than in April of last year, when the rise was almost nothing.

## Bank Borrowings Increase

That the facilities of the Federal Reserve banks' rediscount windows were meant to be used was shown clearly during the four weeks ending May 2. The average borrowings of the member banks for that period were over \$1-billion, and this in spite of the mid-month rise in the float to over \$1-billion.

As a result, the reserve position of the banks was "negative" for an average of over \$450,000,000 for the period, and on May 2 it had risen to \$625,000,000. This simply means that reported excess reserves were obtained only by borrowing.

These are not figures indicating any let-up in the demand for credit nor any change in Federal Reserve policy. Quite the contrary.

## Credit Squeeze Likely

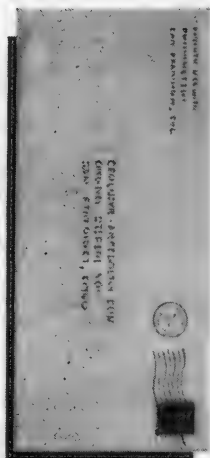
Heavy borrowing by corporations to pay taxes in March was largely responsible for the increase of nearly \$1½-billion in the commercial loans of the member banks in the five weeks ending March 28. Another tax payment is due on June 15.

If the need for loans to pay taxes this month is as great as in March, a rather severe credit squeeze might develop. While the Federal Reserve banks will undoubtedly continue to

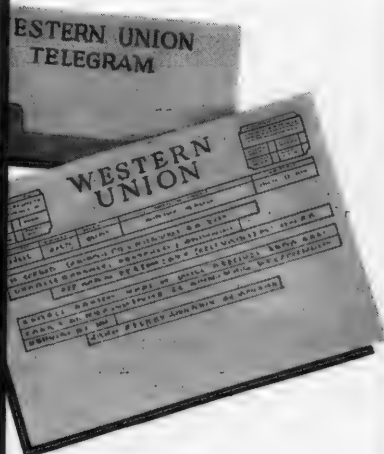
(CONTINUED ON PAGE 66)

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(CONTINUED FROM PAGE 64)

make the facilities for their rediscount windows easy of access, just how far will the banks be willing to go in borrowing money? There are those who suggest that the rate at which the money could be borrowed might be 3% at all the Federal Reserve banks.

Whether the rate is raised or not will be decided by the Federal Reserve authorities' estimate of the state of business, by any evidence of soft spots in particular industries, and whether or not they still feel—as they seem to now—that inflationary pressures predominate.

### Bill Sales

The mid-April sales of Treasury bills cost the Treasury slightly more than 2¾%. The average cost of the sale on April 16 was 2.769%, and was 2.788% one week later. On April 30 the cost was 2.741%.

Thereafter there was a sharply increased demand for bills from other than bank sources. The rate for the longest bills dropped to 2.58%-2.54% in the open market.

On May 6 the bill sale cost the Treasury 2.523%.

The banks are in no position to add to their holdings of Treasury bills and the Federal portfolio has only between \$300,000,000 and \$400,000,000. Placement of the bills still depends on the continuance of the demand from outside sources, chiefly corporations.

### Discounting the Future?

The rise in the market for Government securities can be justified only by future developments. Current business figures for loans, heavy bank borrowings, high "negative" reserves, and increased employment (as reported for April) give no indication of lesser demand for credit.

Those who look for some easing in the credit picture must anticipate some let-down in business volume after the mid-year. They speak of "soft spots" in the economy, notably in the automobile and farm machinery industries. They look for a degree of inventory liquidation. They talk—and with some justification—of the political implications of high

money costs in a Presidential election year. So far the Government market is betting they are right. They could well be wrong, but who is certain?

Furthermore, while the Federal Reserve is still "leaning against" inflation there is no question that, once the threat is removed, they will relax credit restrictions. In the meanwhile their policy is one of very "watchful waiting." Moreover, Chairman Martin recently stated that the Federal Reserve would never allow credit to become "completely unavailable."

To make a guess as to the course of prices for Government securities would be to look for a decline in the near future, possibly quite sharp and depending on the extent to which prices reverse themselves in the last two weeks of May.

Thereafter some slowing up in business volume in the third quarter might result in a stronger market for a while, but, if the fourth quarter shows a further uprush in business volume, money will again be light and prices will react.

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## THE INVESTMENT MARKETS

H. EUGENE DICKHUTH

THE investment markets, generally, have been trying in the past weeks to adjust themselves to the rise of discount rates at the Federal Reserve banks—and the impact it had on rates in the various segments of the market.

The lack of uniformity in the discount rate in the districts has been a source of annoyance. As conditions arise and change, funds are being pumped from one district into another. Ten Federal Reserve districts are quoting 2¼% as their discount rate, while two districts are at the 3% level. The question in banking quarters is whether all banks will go to 3% or all will, eventually, settle for 2¼%. There is no telling, but the demand for loans from all quarters is still extraordinary, compared with last year.

This is where the impact of Federal Reserve credit policy touches the investment markets. If credit restraint, as expressed in higher interest rates, should influence states and municipalities, as well as private corporations, against borrowing, the entire economic apperception may be upset.

There is no evidence of a serious upset. Investments can be described as having been on an even keel. It is an encouraging sign in the sense that the equity markets, particularly, tend to discount future events. A study of stock market fluctuations indicates that the market, on a day-to-day basis, has gradually become more stable. There is also evidence that the market's annual price movements have become less pronounced.

New bond flotations in April declined, compared with previous records. Nobody can tell yet whether this had

any relation to the rise in the discount rate. There is a faint but at the same time a very definite relationship in all segments of the markets—one with another.

The total public offerings of bonds in April aggregated \$880,407,000. More than 105 issues were involved. This compares with \$894,673,000 flotations in the preceding month, which covered 169 issues. In April 1955, there were \$936,871,000 of public bond offerings.

IN the first four months of the year, marketings of new bonds were \$3,934,000,000, involving 682 borrowers. In the corresponding period of last year, the respective figures were \$3,786,143,000 and 543 issues. Investment response was relatively good and did not leave much to be desired except for the inevitable dull periods. Savings continue to roll in at top speed, and there is no reason to assume that there will be any material change in the foreseeable future. State and municipal obligations again headed the bond list because of refunding needs and public works requirements.

Equity financing in April consisted of 16 issues, aggregating \$99,873,000, against \$30,094,000 in March and \$53,094,000 in April 1955.

In the first four months of the year, new stock financing amounted to \$332,716,000 and involved 50 issues. This was a considerable improvement over the \$246,260,000 in the comparable period of last year. Perhaps rising interest rates and the change in the investment markets are favoring equity rather than debt financing.



While you were walking the dog  
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**...Continental Illinois' night staff processed  
15,000 cash items**

Some nights a man is specially happy to have a dog. Let's say last night was such a night—soft, still, fresh with new summer. You went out at 10 o'clock, and walked longer than usual. Say, a half hour.

In those thirty minutes, the night staff at the Continental processed a total of 15,000 cash items—about 500 per minute!

'Round-the-clock service with speed like this explains why many a check mailed to the Continental in the afternoon by banks from coast to coast becomes available funds the *following morning*.

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# The Country Banker



Authorities recommend that irrigation be used on high-value crops

## Good Customers Are Eligible for Irrigation Loans

*Credit for irrigation equipment is usually of an intermediate-term type and will usually run from two to four years*

W C. JOHNSTONE

MR. JOHNSTONE is the agricultural representative of the Kentucky Bankers Association.

**“W**HEN financing irrigation systems better look twice at the capacity factor,” advises J. D. Brown, executive vice-president of the Peoples Bank, Taylorsville, Ky. I stopped by to talk to “J.D.” about financing irrigation systems because he is not only a top country banker but is an excellent dirt farmer in his own rights. He owns and operates a tobacco-dairy farm some 30 miles east of Louisville.

“J.D.” installed his irrigation system in 1951 and has used it through both good and bad seasons. His personal experiences with irrigation has given him information valuable to farmers looking into the practicality of installing systems and to bankers who might be called

upon to finance them. I had a few questions to ask him for my own guidance and, in addition, I wanted to get first hand information on how bankers handle irrigation loans.

### Good Investment

First, I asked Mr. Brown if irrigation was a profitable investment in Kentucky, especially on the hill-land of Spencer County where tobacco and alfalfa are sometimes grown on slopes up to 15%. “Sure it pays,” he said, “my system paid for itself in three years and some of them will pay out in two.” Then, in true banker style, he hedged. “Well, maybe I had better not be too positive. Irrigation will help a good farmer do a better job but it won’t make a good farmer out of a poor one. If a man is not a good manager he had better not go in debt for an irrigation system.”

To support his statement on the

profitableness of his system “J.D.” reached into his desk drawer and pulled out his farm account book. There was the proof. “J.D.’s” landlord’s share of the last two “B.I.” crops (Before Irrigation) brought \$3,130 and \$2,393, respectively; the first two “A.I.” crops (After Irrigation) brought \$3,689 and \$4,482, even though there were fewer acres in the latter two years. And, in addition he had used it on strawberries and other crops.

“J.D.’s” experience was pretty well duplicated by Jones Mercer, president of the Potter - Matlock Bank and Trust Company, Bowling Green. When Mr. Mercer installed his system in 1954 one of his two tobacco tenants did not want to participate in the additional costs and resulting benefits. The tenant who irrigated netted about \$240 per acre more than the other. Needless to

(CONTINUED ON PAGE 70)

U. S. Patent  
No. 2,673,976  
Other Patents  
Pending

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**AMERICAN SIGN AND INDICATOR CORPORATION**

## Irrigation Loans

(CONTINUED FROM PAGE 68)

say both tenants used the system in 1955.

There are many factors involved in the successful operation of an irrigation system, agree Brown and Mercer. "The first thing to look into is the supply of water. That is often a very limiting factor in Kentucky," they say.

Mr. Brown gets his irrigation water from Beech Creek but in dry seasons the flow drops to a trickle and even the pools formed by small dams won't supply the amount needed for many acres. He is now in the process of increasing both the water supply and the capacity of his equipment. "If you have to depend on streams for water," advises Mr. Brown, "you had better check with your state conservation department. We don't own the water that runs through our farms—we just have the right to use it, provided we don't interfere with the other fellows' needs for domestic use."

### Reservoirs

Most farmers in Kentucky will have to depend upon reservoirs for their water supply. The cost of these vary greatly, depending on the topography, geology, and soil type. Very often the cost of developing an adequate water supply is too great to make irrigation practical. On the other hand a good reservoir, one large enough for fishing and boating, as well as for irrigation, stock water and fire protection, may well be worth its cost. The cost of water from large reservoirs, per irrigated acre, is much less than that from small reservoirs.

"Assuming that a farmer has a supply of water adequate for irrigation, what are some factors which determine the success of a system?" I asked "J. D."

"Good management," was the quick reply. "There are many things that determine the success of an irrigation system, but they can be lumped in one word—Management—and for that there is no alternative," he added. Then he went on to elaborate, "You've got to use a system to make it pay. The more you use it, the better it pays. Installing an irrigation system just for one crop is not efficient under our conditions

here in Kentucky. A diversity of crops is needed to stretch the supply of water and make efficient use of labor and equipment. A farmer who can use his system for strawberries, tobacco and alfalfa, for instance, will pay for it quicker than the man who uses it just for tobacco. And don't forget the garden," he cautioned. "With my family and hired help we have nine people to feed. A good garden cuts living costs many hundred dollars a year, and there is no more profitable place to use water than on the garden.

"Irrigation always pays off much better on high-acre-value crops than on low-value crops. Its use on field corn and soy beans is of doubtful value under our conditions."

### Pastures

"What about irrigating pasture?" I asked.

"That's all right provided you have good pasture crops to irrigate and good cattle to graze it. Sudan grass is one of the best pasture crops to irrigate. It stands the heat well and produces an enormous growth when plenty of fertility and water are available. I doubt if it would pay to irrigate for beef cattle or sheep but it really pays with good dairy cattle," said Mr. Brown.

Another factor to be taken in consideration in irrigation is the fertility of the soil. It never pays to irrigate crops on land where fertility is a limiting factor. A soil test should be made and all needed planted nutrients applied.

"What about financing irrigation equipment?" I asked several bankers. The answers were essentially the same. "Any good customer of our

bank can get money for an irrigation system on the same basis as he can get it for any other costly equipment," said Max Sanders, president of the Stock Yards Bank, Louisville. "We want him to show us a well developed program for using the equipment and a satisfactory repayment plan," he added.

Banker Jones Mercer made the observation that the farmer with a small acreage could not afford to own an outfit for his sole use, unless he had a very intensive cropping program with high value crops. He might buy it in partnership with a neighbor or do custom irrigation for others. Mr. Mercer says that irrigation is like television: it was a luxury a few years ago but is almost an essential now, especially for good managers with plenty of water. "A good irrigation system takes a lot of risk out of farming," he says.

J. D. Brown thinks that if a bank is going to make many irrigation loans it had better have a good "outside-man" on the staff. Credit for irrigation equipment is usually of an intermediate-term type and will usually run from two to four years. Conditions should be carefully studied and analyzed and some follow-up work done. In the hands of a good operator, a properly installed system will lessen the hazards of droughts, make farming safer, and enhance the value of real estate and production loans.

### Advice from Engineer

Every farm presents conditions peculiar to itself and requires a "tailor-made" outfit. Hence bankers, considering irrigation loans, should insist that the borrower obtain sound advice from a qualified engineer, such as is available from the Extension and Soil Conservation Services or from reliable dealers in irrigation systems.

In summary, these are the principle factors contributing to the successful operation of a farm irrigation system: Above the average managerial ability; an adequate supply of water, especially in periods of drought; a fertile soil, so that water is the first factor limiting production; high value crops, such as small fruit and vegetables, tobacco, and alfalfa; a combination of crops, permitting the use of the system over a long season; and a system tailored to the needs of the individual farm.

### Irrigation Progress

*No risk on the farm compares with that of the weather. About the only way to lessen the risk of drought is by the use of artificial irrigation. Irrigation is gaining rapidly in Kentucky, but not fast enough. Since 1949 the number of farms in the state using irrigation has increased from 67 to 1,226. The acreage covered by such systems now amounts to 23,000 acres, or about 28 times more than in 1949.*



# The Farm Credit Situation

**Banks have done something about farmers' intermediate-term credit needs! Outstandings likely exceed \$1.5-billion and are increasing**

LAWRENCE E. KREIDER

DR. KREIDER is an agricultural economist on the staff of the Agricultural Commission of the American Bankers Association.

SOMEWHAT like the comments of the proverbial blind men examining the elephant, the agricultural situation is analyzed differently by diverse groups of people. The sociologist looks at it one way, the economist emphasizes other factors, the political aspirant works from a different angle, and the banker examines a fourth set of criteria. All of these views, although they differ in some ways, are likely similar to the view from the farmers' vantage point.

Certainly farmers and bankers have in common at least one important interest: each is vitally concerned about the agricultural credit situation. Farmers now have approximately \$16.9-billion in financial obligations (see chart at right). About 13,000 banks scattered in every state of the nation now hold approximately \$5-billion of this. And the volume of agricultural credit is increasing to a higher level in the current production season.

## More Real Estate Farm Credit

Long-term credit is increasing faster than short-term loans. Banks, whose credit services to farmers exceed those of any other lending institution, increased their farm real estate credit holdings by 11% during 1955.

There have been very good reasons for this shift: first, farmers haven't had as much income to repay their obligations during recent years as they had during the war and early postwar periods. Consequently, they have "stretched out" their repayment plans, in part by using more long-term real estate credit.

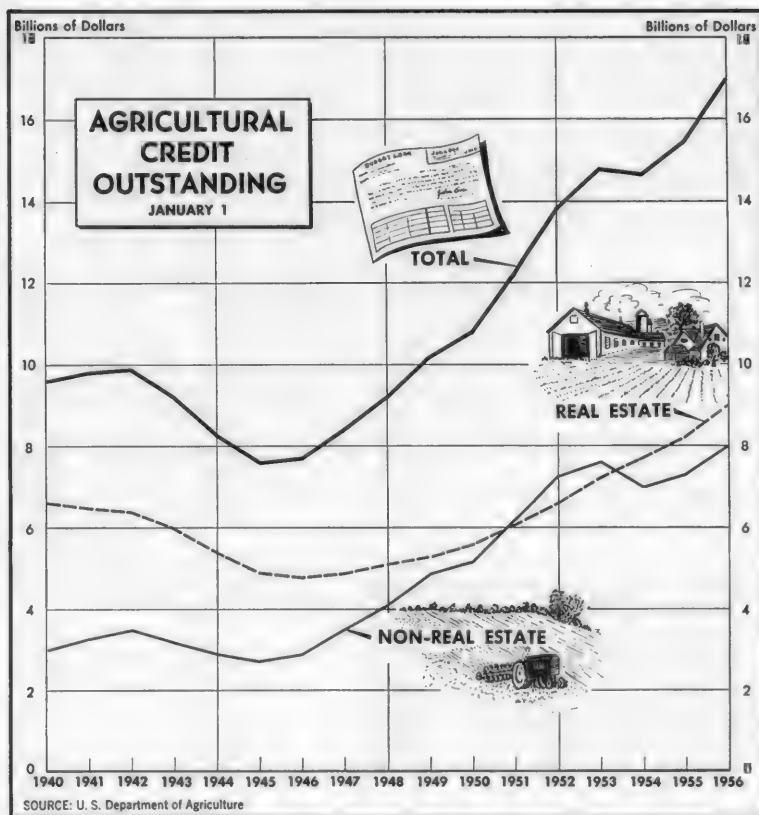
Second, farm capital require-

ments have increased to a very high level. This, on many farms, has resulted in more credit. Not only are total investments high (\$18,000 per farm worker, which is nearly one-and-one-half times the investment per nonfarm, nonfinancial institution employee), but expenditures for new capital are high. During recent years, this has been partly caused by the changing habits of farmers' customers—the 167,000,000 Americans who eat and wear most of the food and fiber grown in this country. We simply eat better than a generation ago—and wear clothing made from fibers unheard of then.

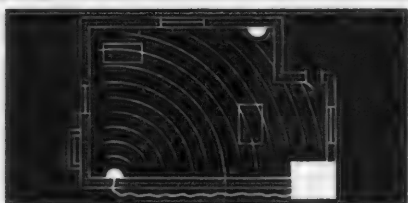
These changing habits can be

typified by increased consumption of meats and livestock products and less intake of wheat and other grains before being "transformed" by livestock. And, in the fiber end of the farming business, less acres have been needed to produce the cotton which the market would move at prevailing prices. As a result of this increased demand for livestock products and less farm land needed to produce some of the major cash crops, farmers have made a notable shift to greater livestock production and to different cropping programs. Each farmer who made such adjustments employed new capital. In many cases

(CONTINUED ON PAGE 73)



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Manufacturers of the world's finest banking equipment.



BANKING

## Farm Credit Situation

(CONTINUED FROM PAGE 71)

this required large quantities of credit and longer terms. By and large these investments greatly contributed to more efficient farm businesses and a higher standard of living for all Americans.

The sustained level of land prices was a third reason for increased use of real estate credit in the year 1955. High land prices increased real estate credit in two ways: for farm purchases, high land prices simply meant more credit was necessary; and for nonland purchases such as machinery, high land values encouraged more liberal real estate appraisals and made possible larger loans.

Assuming sustained real estate prices contributed to more real estate credit, it seems that an understanding of the farm credit situation would be more complete if the reasons were known. To answer that question, the United States Department of Agriculture in an October 1955 survey of the farm real estate situation asked respondents to indicate the major factors holding land prices up. A large number of the replies were classified into four major categories:

- (1) A widespread belief that farm income would improve, and that farm land was still a sound investment at current prices.
- (2) General business prosperity has contributed to this confidence and has helped to sustain demand for land, particularly by nonfarmers.
- (3) Farmers have continued to bid strongly for additional land to permit more efficient use of farm machinery.
- (4) A widespread belief that a

**Table 2: Nonreal Estate Intermediate-Term Bank Loans, 1955<sup>1</sup>**

	Percent of Nonreal Estate Bank Loans		Percent Planned	
	1954	1955	1954	1955
Northeast.....	17%	20%	74%	70%
South.....	14	15	69	63
Midwest.....	19	24	80	72
West.....	12	17	74	69
United States....	15	19	75	68

<sup>1</sup> Data represent simple averages of approximately 1,300 replies from key bankers.

growing population will maintain and strengthen the long-term demand for farm land. The question, of course, remains "Will these same factors have equal influence on land prices and real estate credit in years ahead?"

### Intermediate-Term Bank Credit

In addition to the factors discussed above, much of the increased farm real estate credit can be attributed to intermediate-term credit needs. In 1955, about three-fourths of the bank farm mortgage credit was for nonreal estate purposes normally associated with intermediate-term credit (see Table 1).

Yet, more real estate credit has been only a partial solution to farmers' intermediate-term credit needs—nonreal estate credit also has been used. Here, again, banks have done their part. On the basis of the estimates of about 1,300 key bankers from every state, approximately one-fifth of all short-term nonreal estate farm loans made by bankers during the last season were intermediate loans with a repay-

**Table 3: Has There Been an Increase in Delinquencies from a Year Ago?**

Area	Farm R/E Loans		Short-Term Loans	
	Yes	No	Yes	No
	(%)	(%)	(%)	(%)
Northeast.....	22	78	35	65
South.....	32	77	36	64
Midwest.....	26	74	48	52
West.....	37	63	49	51
United States....	26 <sup>1</sup>	74	43 <sup>2</sup>	57

<sup>1</sup> A year previous, 20 percent replied "yes."

<sup>2</sup> A year previous, 34 percent replied "yes."

ment period of longer than one year (see Table 2).<sup>1</sup> Over two-thirds were planned as intermediate-term loans. Combining bank real-estate with nonreal estate farm credit, outstandings likely exceed \$1.5-billion and are increasing! Unquestionably, bankers are rapidly learning to use intermediate-term credit to the benefit of American farmers.

### Credit Situation Generally Sound

With reduced farm incomes, more credit, and longer terms, is the farm credit situation on solid ground? In a few cases, the answer may be "no." However, the great majority of the nation's bankers have indicated general confidence in farmers' credit and financial situations. In replies to a recent survey conducted by the Agricultural Commission of the American Bankers Association nearly 9 out of every 10 bankers from all major farming areas of the country reported that there is sufficient agricultural credit available to take care of farmers' needs in 1956.

About two-thirds said there had not been an increase in delinquency of payments on agricultural loans from a year ago (see Table 3).

"Distress sales" have been of no more than moderate concern to most bankers: they reported that nine-tenths of all 1955 sales in which their bank had had an interest were sold by farmers who had more than a 25% equity in their farm business.

<sup>1</sup> An additional, but unknown, volume of nonreal estate bank credit with stated terms exceeding one year should be added to the short-term, renewal type of intermediate-term credit to get the total nonreal estate intermediate-term bank farm credit. The intermediate-term credit study being conducted by the Agricultural Commission of the American Bankers Association will provide these needed estimates.

(CONTINUED ON PAGE 130)

**Table 1: Purpose of Farm Mortgage Loans, 1955**

	U.S.	North-east	South	Mid-west	West
	(%)	(%)	(%)	(%)	(%)
Buying a farm.....	18	28	15	22	7
Purchasing additional land to make a larger unit.....	10	4	8	13	9
Production and operating expenses.....	24	12	31	16	31
Farm improvements.....	9	11	9	9	9
Machinery and equipment.....	11	17	12	9	9
Livestock.....	10	10	10	10	15
Refinancing existing short-term debts.....	14	15	11	16	16
Other.....	4	3	4	5	4

Source: April 1956 Survey by the Agricultural Commission of the American Bankers Association.

# NEWS for Country Bankers

This department is edited by MARY B. LEACH of BANKING's staff.

## Banks Back Dairy Caravan

**B**ANKERS in Piedmont and Northwest North Carolina showed their interest, and concern for the cash income of the small farmers when they underwrote most of the expenses of a two-bus dairy caravan to Ashe County, N. C., and Greene and Cocke counties, Tennessee.

The Dairy Committee of the Northwest North Carolina Development Association had suggested an inexpensive answer to the farm income question — more economical production of milk used to make cheese, butter, and powdered and condensed milk.

Manufacturing milk production, confined mainly to Piedmont and Northwest counties in North Carolina, is already a good source of supplementary income on many farms. Manufacturers paid North Carolina farmers more than \$5,000,000 for manufacturing milk in 1955. By doubling the amount produced to meet the needs of the manufac-

turers, the committee reasoned, another \$5,000,000 could be added to the area's farm economy.

To prove its point, the committee organized a 3-day tour. Attending were 45 dairymen, eight bankers, 16 county agents, and nine dairy plant fieldmen representing about 20 counties. In addition, there were five specialists from North Carolina State College, a newspaper farm editor, and a representative of the North Carolina Milk Producers Federation. A large majority of the fares were paid by local banks, and Wayne Corpening, manager, agricultural department, Wachovia Bank and Trust Company, was in charge of the tour. He is also chairman of the agricultural division of the Northwest North Carolina Development Association.

The touring Tarheels visited two manufacturing milk producing farms in Ashe County and 10 in East Tennessee. They found the most successful producers recommended these inexpensive projects:

(1) V-type or L-type elevated milking parlors. They save labor, make work easier by avoiding stoop-



Left to right, George Hyatt, Jr., Dairy Extension, North Carolina State College, Raleigh; H. L. Hunt, Pet Milk Co., Greenville, Tenn.; Mr. Corpening, and Dr. Joe Pou, head, Department of Animal Industry, State College

ing, are compact for efficiency, result in more milk per cow, are cleaner and permit the milking of more cows per hour. Installation costs only about \$35.

(2) Cow-to-can milker. This inexpensive machine makes milking easier, saves labor, and increases production.

(3) Bunker silos with self-feeding gates. The self-feeding feature saves labor and the cows are better fed. Less machinery is required to fill bunker silos than other types and more and better feed is realized.

(4) Pole-type loafing barns for loose-housing of cattle. These cost less to build than conventional barns, are cleaner and healthier for cows, save bedding, require less square feet of space per cow, reduce labor and leave the cows better satisfied.

(5) Ground-level hay feeders. These sturdy pole-type structures are cheap to build and permit easier storage of hay. The cows get the needed amount of hay and there is less labor in feeding.

(6) Concrete feeding area. This feature will pay for itself in manure saved.

## 4-H Week Lobby Exhibits

**N**ATIONAL 4-H CLUB WEEK was marked by The Peoples Bank of Roxboro, N. C., with a daily 4-H Club exhibit which featured in turn  
(CONTINUED ON PAGE 76)

This exhibit of Charles Wilkerson of the Bushy Fork Community is typical of the daily exhibits of 4-H youngsters in the lobby of The Peoples Bank of Roxboro, N. C., during National 4-H Club Week





Kerman, California,  
during cotton harvest



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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 74)

dairy and beef animals, hogs, sheep, and poultry. Local 4-H leaders selected deserving 4-H youngsters to display their cattle and poultry products.

The bank publicized its program through a 4-column newspaper advertisement, the lead copy of which read:

"This week is National 4-H Club Week. It's the time we pay tribute to the outstanding jobs being done by the young farmers of our land. Person County 4-H'ers have established an enviable record. In recognition of their efforts, we will exhibit in our lobby 4-H Club Projects of Person County 4-H Members. . ."

"The exhibits attracted many people to the bank to see the work of the local 4-H youngsters," reports Assistant Vice-president J. R. Austin.

## 23 Projects Win Award

THE Robert Strickland Agricultural Memorial Award for service to agriculture in 1955 has been won by a bank started just 26 years ago with a capital of \$35. The Alma Exchange Bank—now a \$2,000,000 bank in a community of 2,500 people—led other banks in the state with a program of 23 farm projects and so earned the handsome bronze plaque signifying leadership.

The award was presented to the Alma Exchange Bank in Savannah on the occasion of the 64th annual meeting of the Georgia Bankers Association. Included in the award is a \$2,000 scholarship for a boy or girl to study agriculture or home economics in the University System of Georgia. The bank will select for the scholarship a member of the 4-H Club, FFA or FHA from Bacon County.

The Alma Exchange Bank was organized in 1930 by M. E. Jones, who now serves as its chairman.

In its qualification for the Strickland award, it listed loans and direct expenditures for the benefit of farmers amounting to more than \$813,000. It contributed over 2,800 man-hours of work, and its activities benefited 17,571 farmers one or more times during the year.

Typical of this leadership was the development of Bacon County's Mill Branch Watershed, an area of 38 square miles of Georgia flat woods, where washouts in the spring



J. J. Jones, exec. vice-president, Alma (Ga.) Exchange Bank, left, receives \$2,000 scholarship check from W. N. Shadden, chairman, GBA Agricultural Committee

and droughts in the summer were a common source of trouble.

There is almost no field of agricultural endeavor which the Strickland Award winner has not entered. The bank bought and gave away 100 hives of bees, so that young farmers could start bee-keeping. It gave 10 registered Duroc Jersey gilts to FFA boys with the understanding that each boy would contribute four gilts from the first litter to other boys. The bank bought the Grand Champion 750-pound Hereford at Alma's annual fat cattle show.

Vitally aware of the importance of publicity, Mr. Jones and his staff of bankers have used newspapers and the mails to promote the tobacco auction and develop a tobacco clinic, to encourage good forestry practices; to stimulate church support; and for other purposes. They sponsored a continuing newspaper campaign on the theme of "Trade at Home."

The award, including the scholarship, is sponsored each year by the Trust Company of Georgia in Atlanta, in memory of the bank's late president, Robert Strickland.

## Soil Testing Film

A 13-MINUTE version of *The Big Test*, a film story of how to take a soil sample properly, now is ready for distribution to TV stations by the National Plant Food Institute.\*

The film focuses attention on the

importance of soil testing in a good farm management program. Entertainingly and dramatically told, the story unfolds the experiences of a farmer and his step-by-step soil testing procedures.

## Beat Pilgrims by a Snout

THE pig has been a citizen of what is now the United States for 417 years. He landed first in Florida on May 25, 1539—almost a century before the Pilgrims, according to the *National Live Stock Producer*, which proposes that a monument be erected on the spot in honor of this American pioneer.

When Hernando DeSoto landed at Charlotte Harbor in 1539, he had 13 sows and two boars. When he began the march north in the spring of 1540, there were 300 pigs in line. Those pigs paced the foot soldiers through a 3,200-mile march through Florida to Arkansas.

DeSoto died in Arkansas in 1542—famed as the discoverer of the Mississippi River, but his real contribution to this nation, states the *Producer*, was the introduction of the pig.

The magazine proposes that Federal and state funds be used to invest in a shrine and museum at the landing place of the pig.

## Cattle Feeder Banquet

THE Council Bluffs (Iowa) Savings Bank considers its annual  
(CONTINUED ON PAGE 148)

\*1700 K Street, N.W.  
Washington 6, D. C.



# National Homes Mortgages

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## Rift Over U. S. Capital in Canada

CHARLES M. SHORT

**A** POLITICAL storm has blown up here in Canada over the great increase in United States capital investment in this country during recent years. The storm has come from two directions of opposite political elements.

On one side, the Liberal Party of the Province of Quebec charges the present National Union Administration, seeking re-election in June, with having sold out the Province's natural resources, notably vast iron ore deposits, to U. S. interests.

On the other side, the Progressive-Conservative Party, the largest opposition to the national Liberal Party now in power in Ottawa, has made U. S. investment in Canada a major issue in its campaign for the next general election, probably in 1957.

To provide more confusion, the National Union Administration in Quebec, inherently conservative, and the Liberal Administration in Ottawa, usually poles apart on political issues, are for once in agreement in favoring American participation in natural resources development, which they both claim could not have proceeded on the tremendous post-war scale without the money and know-how of the United States. The facts of the case are on their side, but the facts have not yet been put before the Canadian public so fully as to prevent unreasoned controversy.

### Foreign Capital Characteristic

Foreign capital has long been characteristic of economic history in the northern half of this Continent, as it was in the early stages of United States development. Up to World War I Canada relied mainly upon Britain for the outside capital she needed, particularly for the building of the large railway systems she required to bind the country together; to open up mineral deposits; and to establish many of her industrial plants. Britain's own financial requirements in the 1914-18 conflict changed this situation, so that her

investments in Canada declined, forced the formation of a Canadian money market of considerable proportions, and turned Canada to the United States for financial aid beyond Canadian resources.

### British Forced to Liquidate

This situation underwent an even greater change during World War II, when Britain had to liquidate about \$1-billion, almost one-third, of her Canadian investments to meet war obligations in Canada and elsewhere. At the same time there was practically a proportionate increase in U. S. investments in Canada, bringing these to about \$5-billion. Since then American investments have just about doubled. However, in the past 10 years there has also been renewed interest in Canada by European investors, mostly those in Britain, Switzerland, Belgium, Sweden, and Germany. Actually, the ratio of European investments has risen more in the last few years than that of the United States, although the last-mentioned country has over three-quarters of the total nonresident capital in Canada.

Another factor influencing the considerable increase of American capital has been the steady depletion of certain raw materials, such

as high-grade iron ore, in the United States and the consequent greater dependence upon the nearest outside source, that north of the Border, which is rich not only in minerals and other raw materials but also has had such political stability as to attract foreign capital. Another factor has been the high cost of developing massive resources in remote areas where large labor forces had to be engaged at extremely high wages. Costs of some of these projects exceeded preliminary estimates, in one case by as much as 50%.

### 30% of U. S. Foreign Investments

American investments in Canada represent about 30% of the total United States foreign investments. Those in Canada cover a wide range of activity, with over 3,000 Canadian concerns under American control, partly through equity shareholdings. But there is a heavy concentration in certain economic fields, mainly in mining (including petroleum), metallurgical plants, and in manufacturing. In petroleum alone more than two-thirds of the total capital is American. The mining industry, excluding petroleum, derived about half of its capital from the United States. Over 40% of manufactur-

(CONTINUED ON PAGE 113)

"He can't wait for his vacation to start, and when it comes he never does anything!"







## A better view *across the border*

Many United States banks which have customers engaged in commerce or industry in Canada will find our monthly Commercial Letter a useful reference on developments north of the border.

Recent issues have carried articles, charts or tables on such diverse topics as Metropolitan Toronto—Industrial Highlights—Canadian Production—Canadian Prices, Wages and Employment—Banking and Finance—Canadian Foreign Trade.

If your own institution does not currently receive our Commercial Letter we shall be glad upon request to place your own name on our mailing list to receive it each month without charge.

For further information write any one of our regional Business Development Departments located at Vancouver, Calgary, Winnipeg, Toronto, Montreal and Halifax, or to our Business Development Division, Head Office, Toronto.

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# 9-Year Changes in Business Loans

## Federal Reserve Survey Reveals "Broad Redirection of Resources"

**C**OMMERCIAL and industrial loans by Federal Reserve member banks were the subject of a survey by the Board of Governors last October. This study, the third of its kind—others having been made in 1942 and 1946—was carried out with the cooperation of the American Bankers Association, the Reserve City Bankers Association, and the Robert Morris Associates.

The new survey discloses current data on member bank loans to business and the terms on which such bank credit is extended. A representative sample, about 1,900 banks, submitted reports on approximately 190,000 individual loans.

On the survey date, October 5, member banks' outstanding credit to business totaled \$31.6-billion, including an estimated 1,300,000 individual bank loans totaling \$30.8-billion and \$780,000,000 in holdings of open market paper—bankers acceptances, commercial paper, and bearer notes of sales finance companies.

Compared with 1946, the dollar amount last Oc-

tober was  $2\frac{1}{3}$  times as large and the number of business loans twice as large.

The *Federal Reserve Bulletin* for April published the first of a series of articles on the survey, together with a number of tables, a few of which are reprinted on these pages. The April *Bulletin* stated:

"The distribution of these loans among industries reflects the broad redirection of resources in the economy since 1946. The proportion of loans outstanding to manufacturing and mining concerns and to wholesale trade has declined while the proportion to sales finance companies and real estate, construction, and service firms has increased. In every major business group, however, the amount and number of loans have increased considerably since 1946.

"Over the postwar years, there has been a substantial shift in the distribution of loans by asset size of borrower. This no doubt reflects in large part a shift in the size distribution of the business population owing to the upward movement in prices and the

**Table A**  
**Business Loans of Member Banks, 1955 and 1946, by Business of Borrower<sup>1</sup>**

[Estimates of outstanding loans]

Business of borrower	Amount of loans				Number of loans			
	In millions of dollars		Percentage distribution		In thousands		Percentage distribution	
	1955	1946	1955	1946	1955	1946	1955	1946
All businesses.....	30,820	13,189	100.0	100.0	1,317	673	100.0	100.0
Manufacturing and mining, total.....	11,283	5,650	36.6	42.8	225	116	17.1	17.2
Food, liquor, and tobacco.....	1,838	1,536	6.0	11.6	36	18	2.7	2.7
Textiles, apparel, and leather.....	1,689	484	5.5	3.7	31	16	2.3	2.4
Metals and metal products.....	3,235	1,629	10.5	12.4	59	29	4.5	4.3
Petroleum, coal, chemicals, and rubber.....	2,646	1,061	8.6	8.0	28	13	2.2	1.9
Other.....	1,875	939	6.1	7.1	72	40	5.4	5.9
Trade, total.....	6,539	3,883	21.2	29.5	517	341	39.2	50.7
Retail.....	3,476	1,472	11.3	11.2	411	253	31.2	37.6
Wholesale <sup>2</sup> .....	3,063	2,411	9.9	18.3	105	88	8.0	13.1
Other, total.....	12,998	3,656	42.2	27.7	575	216	43.7	32.0
Sales finance companies.....	2,872	779	9.3	5.9	13	7	1.0	1.0
Transportation, communication, and other public utilities.....	2,906	1,222	9.4	9.3	44	38	3.4	5.6
Construction.....	1,691	446	5.5	3.4	105	43	7.9	6.4
Services.....	1,783	490	5.8	3.7	239	76	18.2	11.3
Other nonfinancial <sup>3</sup> .....	3,745	719	12.2	5.4	174	52	13.2	7.7

<sup>1</sup> Data for 1946 were reported in "Business Loans of Member Banks," Federal Reserve BULLETIN, March 1947. Additional articles summarizing the results of the 1946 survey appeared in the May, June, July, and August 1947 issues of the BULLETIN.

<sup>2</sup> Totals for 1955 include 8,900 loans to commodity dealers amounting to \$761-million. These loans were included in wholesale trade in 1946 and

not separately reported.

<sup>3</sup> Totals for 1955 include 75,600 loans to real estate concerns amounting to \$2,405-million. These loans were included in "all other" in 1946 and not separately reported.

NOTE.—Details may not add to totals because of rounding.

Table B

### Business Loans of Member Banks, 1955 and 1946 by Size of Borrower

[Percentage of total]

Size of borrower (Total assets, in thousands of dollars)	Amount of loans		Number of loans	
	1955	1946	1955	1946
All borrowers.....	100.0	100.0	100.0	100.0
Under 50.....	5.5	9.2	46.2	64.5
50-250.....	14.5	16.4	35.6	24.0
250-5,000.....	34.3	29.0	14.5	8.3
5,000 and over.....	45.2	44.3	1.9	1.7
Not ascertained.....	.6	1.2	1.8	1.5

NOTE.—Details may not add to totals because of rounding.

growth in volume of business activity. The proportion of loans to concerns in the smallest size group—assets under \$50,000—declined, while the proportion to those with assets of \$50,000-\$5,000,000 increased. Borrowing by concerns with assets of \$5,000,000 and over accounted for about the same percentage of total loans as in 1946. This shift toward medium-sized borrowers is reflected particularly in the loan portfolios of the smaller banks, which do most of their lending to small and medium-sized businesses. Large banks, however, maintained the 1946 proportion of loans to the smallest businesses, an increase in the proportion for medium-sized borrowers having been offset by a decrease for borrowers having assets of \$5,000,000 and over.

Table D

### Average Interest Rates on Member Bank Business Loans, October 5, 1955 by Business of Borrower and Maturity of Loan

[Per cent per annum]

Business of borrower	All loans	Short-term (One year or less)	Long-term (Over one year)
All businesses.....	4.2	4.2	4.2
Manufacturing and mining, total.....	4.0	4.1	4.0
Food, liquor, and tobacco.....	3.8	3.8	3.9
Textiles, apparel, and leather.....	4.0	3.9	4.0
Metals and metal products.....	4.1	4.1	4.1
Petroleum, coal, chemicals, and rubber.....	3.9	4.2	3.8
Other.....	4.3	4.4	4.1
Trade, total.....	4.6	4.6	4.8
Retail.....	4.7	4.7	4.8
Wholesale.....	4.5	4.5	4.8
Other, total.....	4.2	4.2	4.3
Commodity dealers.....	3.7	3.7	4.3
Sales finance companies.....	3.6	3.5	3.9
Transportation, communication, and other public utilities.....	3.6	3.6	3.7
Construction.....	5.0	4.8	5.7
Real estate.....	4.5	4.5	4.5
Services.....	5.1	4.8	5.3
Other nonfinancial.....	4.3	4.2	4.6

"As in 1946, long-term loans accounted for about one-third of the total dollar amount of business loans by member banks, but small, particularly unincorporated enterprises, have obtained greater access to such credit than they had then. The proportion of

Table C

### Business Loans of Member Banks, October 5, 1955, by Size of Borrower and Size of Bank

[Estimates of outstanding loans]

Size of borrower (Total assets, in thousands of dollars)	All banks	Size of bank (total deposits, in millions of dollars)									
		Under 2	2-10	10-20	20-50	50-100	100-250	250-500	500- 1,000	1,000- 2,500	2,500 and over
		Amount of loans, in millions of dollars									
All borrowers .....	30,820	107	1,479	1,213	2,068	2,056	3,221	4,109	3,844	5,264	7,459
Under 50 .....	1,688	55	490	213	216	144	150	149	112	47	112
50-250 .....	4,465	43	674	537	720	526	553	474	348	232	358
250-1,000 .....	4,976	6	191	291	616	646	792	861	535	391	646
1,000-5,000 .....	5,592	1	49	83	268	462	890	1,045	933	814	1,047
5,000-25,000 .....	4,941	1	10	20	79	128	395	754	778	1,173	1,603
25,000-100,000 .....	3,431	(1)	11	6	31	53	150	344	467	944	1,424
100,000 and over .....	5,546	(1)	9	13	50	97	291	482	670	1,664	2,270
Not ascertained .....	182		45	49	88		(1)		(1)		
		Percentage distribution within bank size group									
All borrowers .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Under 50 .....	5.5	51.0	33.2	17.6	10.4	7.0	4.7	3.6	2.9	.9	1.5
50-250 .....	14.5	40.5	45.6	44.3	34.8	25.6	17.2	11.5	9.1	4.4	4.8
250-1,000 .....	16.1	6.0	12.9	24.0	29.8	31.4	24.6	21.0	13.9	7.4	8.7
1,000-5,000 .....	18.1	1.1	3.3	6.8	13.0	22.5	27.6	25.4	24.3	15.5	14.0
5,000-25,000 .....	16.0	.7	.7	1.7	3.8	6.2	12.3	18.4	20.2	22.3	21.5
25,000-100,000 .....	11.1	.4	.7	.5	1.5	2.6	4.7	8.4	12.2	17.9	19.1
100,000 and over .....	18.0	.4	.6	1.1	2.4	4.7	9.0	11.7	17.4	31.6	30.4
Not ascertained .....	.6		3.1	4.1	4.3		(2)		(2)		

1 Less than \$500,000.

2 Less than 0.05 percent.

NOTE.—Details may not add to totals because of rounding.

total loans outstanding to unincorporated firms, however, has decreased.

"Average interest rates on business loans were considerably higher in October 1955 than in 1946, but the 1955 spread in average rates among industries was smaller. The largest increases in average rates since 1946 were in industries which then borrowed on the most favorable terms."

As to distribution of loans according to business and borrower (our Table A) the *Bulletin* notes:

"Perhaps the most significant development since 1946 in the industry distribution of business loans is the rise to prominence of loans to real estate concerns. Such loans, which were relatively unimportant in 1946 and included in the 'all other' business category, totaled \$2.4-billion in the fall of 1955 and accounted for 8% of the amount and 6% of the number of all business loans. A substantial proportion of these loans represented loans to mortgage companies to aid in carrying temporarily large inventories of residential mortgages. The marked growth in these, as well as in construction loans, however, also reflects the high level of construction activity which has developed since 1946.

"Borrowing by sales finance companies and service enterprises has also expanded greatly since 1946, at about twice the rate for business loans generally. Sales finance company borrowing was the most heavily concentrated of all business categories, with 1% of the number of loans accounting for over 9% of the amount outstanding. The average size loan of \$213,500 was over twice that of any other category. The growth in these loans since 1946, however, has accounted for only

**Table E**  
**Member Bank Holdings of Open Market Paper**  
**October 5, 1955, by Type and by Class of Bank**  
[Estimates, in millions of dollars]

Type	All member banks	Central reserve city banks		Reserve city banks	Country banks	Weekly reporting banks
		New York City	Chicago			
Open market paper, total.....	779	63	12	362	343	470
Acceptances.....	139	50	8	74	7	127
Commercial paper (excluding sales finance company paper)...	244	1	2	113	129	115
Sales finance company paper <sup>1</sup> ....	396	12	3	174	207	228

<sup>1</sup> Placed directly or acquired through dealers, exclusive of direct loans other than open market paper.

NOTE.—Details may not add to totals because of rounding.

a small proportion of the total increase in borrowed resources of sales finance companies, whose operations have expanded sharply with the increased volume of instalment selling of consumer durable goods. The marked expansion in loans to service enterprises also reflects the rapid growth in this sector of the economy in the postwar period. As disposable income has risen, consumers have been spending a larger percentage of their incomes for services."

Over half a century of experience with debt obligations is applied in our service to investment officers of banks, institutions and pension funds and to individual investors.

**HALSEY, STUART & CO. INC.**

123 SOUTH LASALLE STREET, CHICAGO 90 • 35 WALL STREET, NEW YORK 5  
AND OTHER PRINCIPAL CITIES



## A.B.A. Savings-Mortgage Conference Will Be Held In New York Mar. 11-13, 1957

THE annual Savings and Mortgage Conference and the National Savings Forum of the American Bankers Association will be held on March 11-13, 1957, at the Hotel Roosevelt, New York City, it was announced last month by J. R. Dunkerley, senior deputy manager of the A.B.A. in charge of the Savings and Mortgage Division.

The Hotel Roosevelt, which has recently been acquired by the Hotel Corporation of America and is undergoing an extensive improvement program provides facilities especially suited to the need of general sessions, group meetings, and educational displays for large groups such as the A.B.A. Savings and Mortgage Conference and National School Savings Forum.

Of particular interest to bankers is an arrangement that has been made for the definite assignment of rooms in advance, for delegates requesting reservations at the hotel. This pre-registration promises to expedite the "checking in" process.

The 3-day meeting will include sessions devoted to savings banking and mortgage lending developments, and to school savings banking. The program and speakers for the conference will be announced later.

### PENNSYLVANIA

Melville M. Parker, executive vice-president, First National Bank, Lebanon, is 1956-57 president, Pennsylvania Bankers Association



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**STANLEY**

*Magic Door*  
**CONTROLS**

*and extend to all a cordial  
Invitation  
to transact business at your bank*

Only a personal hand shake could surpass the courteous reception your customers will receive from Stanley Magic Door Controls that open and close doors . . . automatically.

Your business is built on service. So, make that service complete. Install Stanley Magic Door Controls for the comfort and convenience of those you want to impress . . . please . . . and keep doing business with.

Write for free literature on Magic Carpet and Magic Eye (photoelectric) Controls. One type will meet your specific requirements exactly.

*Magic Door Division, The Stanley Works*

DEPT. F, 1012 LAKE STREET, NEW BRITAIN, CONN.

*Representatives in Principal Cities*

STANLEY TOOLS • STANLEY HARDWARE • STANLEY ELECTRIC TOOLS  
STANLEY STEEL STRAPPING • STANLEY STEEL

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OF PHILADELPHIA

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Model 1

2 Cash drawers, 10-compartment removable currency tray, both drawers with P.K. Locks, cupboard with removable shelf, combination lock on door.

#### 12 STOCK MODELS

For your many banking needs

Write today for literature to department B  
Bank Equipment

### FENCO CORPORATION

121 Seventh Ave.

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## 2,150 Public Relations Tools

**T**HE statistic in that title is a conservative computation of the public relations aids available to banks through the Advertising Department and the Public Relations Council of the American Bankers Association.

A 12-page bulletin just published by the A.B.A. lists 110 pieces of direct mail material (folders, blotters, booklets), 1,983 newspaper ads, 54 annual window and lobby display posters, 28 counter display cards, 14 manuals on different phases of PR, 35 suggested speeches for bankers, 7 motion pictures, 6 human relations booklets, 3 skits, 5 public relations folders and booklets, 8 items for banks interested in finance forums.

In addition, there are such helpers as *The Family Dollar* magazine\* for public distribution for banks, a kit of television aids, radio and television announcements, *The School Saver* newspaper published three times a year, U. S. Savings Bond envelope, annual surveys of advertising, reprints, reading lists, and sundry other items.

This *Bank Public Relations Bulletin* 1956 (its formal title) points out that the PR work of the A.B.A. is really "the daily work of many departments and many people." From it come many specific aids for member banks; however, the Advertising Department and the Public Relations Council function entirely in public relations, so an inventory of their products may suggest an item or two that a bank has overlooked.

We can't go into much detail—but how about a few samplings?

### Advertising Department Aids

**Direct mail items.** This material falls in a baker's dozen categories: auto loans, bank by mail, checking, farm, general loans, home repair loans, mortgage loans, personal loans, safe deposit, savings, institutional and educational, trust, Christmas and New Year's. The number of items in the groups varies; there are 20 automobile loan pamphlets or folders, 3 on farm credit, 19 on savings, for example. New direct mail pieces are produced monthly.

\*The Summer Issue is included in this BANKING.

**Newspaper mat services.** Twenty-two departmental ads are prepared monthly for subscription. They cover the main banking services.

**Educational.** There's an informative series on such subjects as "Money and Banking in Everyday Living"; "Bank Facts for You"; "What Do You Want to Know about Banking?" "Banking in Everyday Language."

**Country bank service.** The ads in this classification are exclusively for banks in agricultural areas. They're illustrated by attractive drawings or photographs of things familiar and interesting to farmers.

**Special subjects.** These are series newspaper mats of ads on agriculture (soil conservation, poultry raising, fruit growing, youth programs, etc.), automobile loans, assorted ads on bank services, banking by mail checking accounts, general loan services, holidays, home modernization, home mortgage loans, personal loans, savings accounts, special checking accounts, trust services, "teen talk" series,

(CONTINUED ON PAGE 86)

This direct mail folder issued by the A.B.A. Advertising Department is one of the 2,150 public relations pieces





"Well, yes, gentlemen, there does seem to be some relationship between our rising Christmas Club membership and the demand for our other services."



"... and you say you got your start with a Christmas Club account?"

Your Christmas Club man can show you how to increase demand for *all* your services. Drop us a line and we'll rush him along. No obligation.

## Christmas Club A Corporation



Founded by Herbert F. Rawll

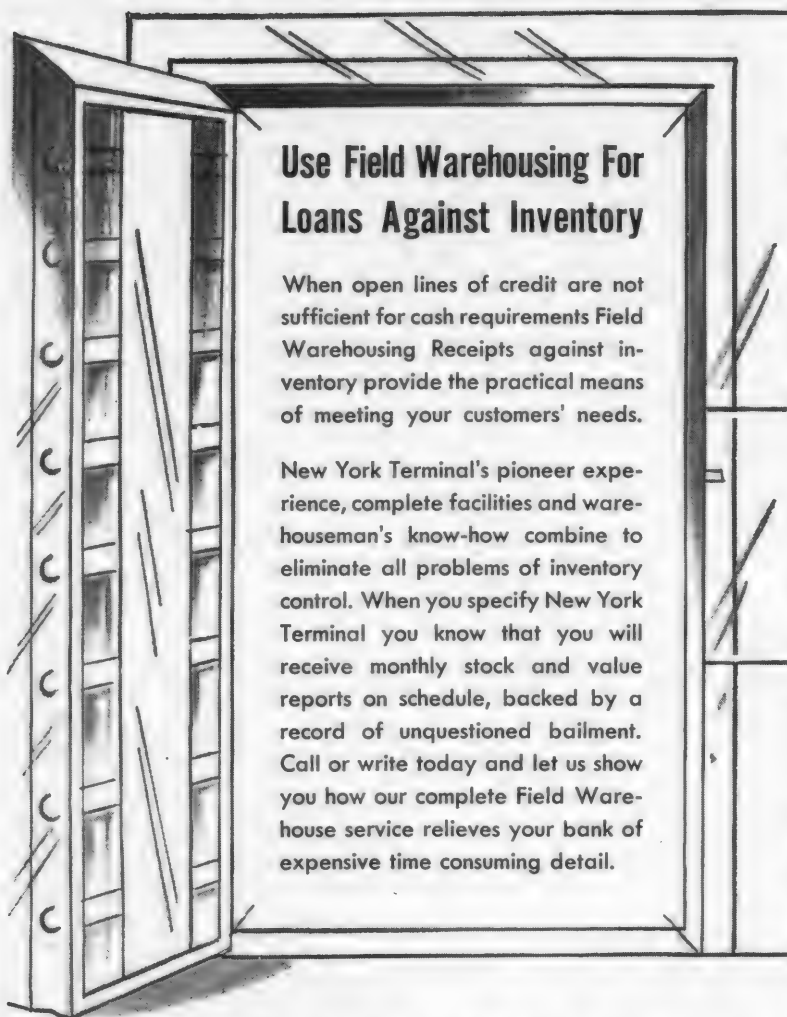
**230 Park Avenue, New York**

Christmas Club • Vacation Clubs • School Savings  
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**BUILDS SAVINGS • BUILDS CHARACTER • BUILDS BUSINESS FOR FINANCIAL INSTITUTIONS**



# OPEN THE DOOR TO MORE BUSINESS



## Use Field Warehousing For Loans Against Inventory

When open lines of credit are not sufficient for cash requirements Field Warehousing Receipts against inventory provide the practical means of meeting your customers' needs.

New York Terminal's pioneer experience, complete facilities and warehouseman's know-how combine to eliminate all problems of inventory control. When you specify New York Terminal you know that you will receive monthly stock and value reports on schedule, backed by a record of unquestioned bailment. Call or write today and let us show you how our complete Field Warehouse service relieves your bank of expensive time consuming detail.

## NEW YORK TERMINAL WAREHOUSE COMPANY



25 So. William Street, New York 4, N.Y.

OPERATING OFFICES  
IN PRINCIPAL CITIES

(CONTINUED FROM PAGE 84)

special savings ad program to help banks meet savings and loan competition, a Christmas series, and a Federal Deposit Insurance series. The number of pieces available in each category varies.

**Window and lobby posters.** They're on checking accounts, instalment loans, banking by mail, safe deposit, mortgage loans, institutional and other commercial subjects; and on savings, trust and credit services.

**Counter display cards.** In two colors, to help promote checking and savings accounts, instalment plan saving, and the "To Us Saving Money Means Banking It" theme.

### Public Relations Council Aids

The Council publishes a continuing series of authoritative studies on various aspects of bank public relations. Pending subjects: "The Banker Writes," "Your Bank's Stockholder Relations," "Your Bank's Human Relations," "Market Research for Your Bank," "Selling for Your Bank." Manuals already in print include "There's News in Your Bank," "Business Development Through Office Calls," "Your Bank's Community Relations."

The Council's speech service offers talks on money and banking for banker delivery to audiences on a wide variety of occasions. A few titles: "American Banking Development," "The Story of Money and Banking," "Our Financial System at Work," "Farm Money Management," "A Career in Banking."

### Seven Movies for Young People and Adults

The seven motion pictures on banking are for youth and adult audiences: "Pay to the Order Of," "How Banks Serve," "Money Talks," "A Future to Bank On," "Using Bank Credit," "A Bone for Spotty," and "How to Use Your Bank."

The human relations booklets and skits provide material for orienting and training bank staffs. There's a handbook of television script ideas, formats and ideas for banks. Five public relations folders and booklets help banks in their personnel activities.

The *Bulletin* contains many more items that are contributing to the cause of better banking throughout the country. Copies of it are available on request to the Public Relations Council.

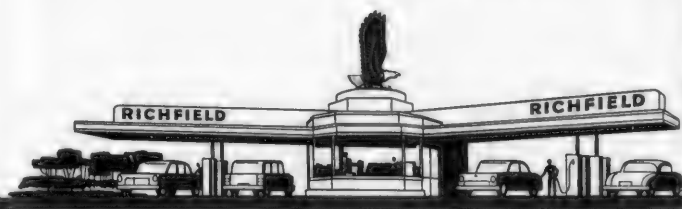


## Richfield Reports

# A NEW HIGH IN SALES

*through better SERVICE*

*to more people!*



### BALANCE SHEET AT DECEMBER 31, 1955 AND DECEMBER 31, 1954

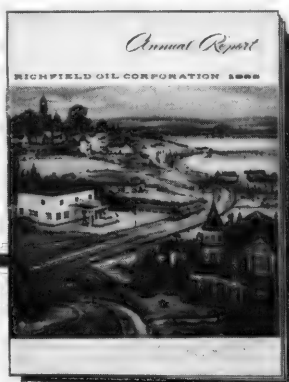
Assets	1955	1954	Liabilities and Capital	1955	1954
Cash and Government securities..	\$ 27,655,825	\$ 36,037,209	Current liabilities .....	\$ 26,880,339	\$ 24,904,413
Accounts receivable (net) .....	35,701,797	31,482,947	Long term debt.....	81,000,000	84,000,000
Inventories .....	36,698,311	33,896,173	Reserve for contingencies .....		202,647
Investments and advances (net) ..	7,017,494	4,245,053	Stockholders' equity:		
Capital assets (net) .....	192,329,432	179,523,089	Capital stock .....	74,699,277	74,496,630
Deferred charges .....	5,086,892	4,719,906	Earnings employed in the business .....	121,910,135	106,300,687
	<u>\$304,489,751</u>	<u>\$289,904,377</u>		<u>\$304,489,751</u>	<u>\$289,904,377</u>

OPERATING STATISTICS — BARRELS	1955	1954
Production of crude oil—gross....	26,723,000	26,746,000
Production of crude oil—net.....	20,729,000	20,809,000
Crude oil processed at refinery....	44,508,000	41,137,000
Sales of refined products.....	50,876,000	40,122,000

### INCOME ACCOUNT FOR THE YEARS 1955 AND 1954

	1955	1954
Gross operating income.....	\$ 245,295,088	\$ 223,310,969
Costs and expenses .....	196,224,541	184,282,580
	<u>\$ 49,070,547</u>	<u>\$ 39,028,389</u>
Interest expense and nonoperating income—net..	(1,561,099)	(1,457,688)
	<u>\$ 47,509,448</u>	<u>\$ 37,570,701</u>
Provision for Federal taxes on income .....	17,900,000	12,000,000
Net income.....	<u>\$ 29,609,448</u>	<u>\$ 25,570,701</u>
Net income per share ....	\$7.40	\$6.39

WE WILL BE PLEASED TO SEND  
YOU A COPY OF OUR 1955  
ANNUAL REPORT. WRITE:  
SECRETARY  
RICHFIELD OIL CORPORATION  
555 SOUTH FLOWER STREET  
LOS ANGELES 17, CALIFORNIA



## RICHFIELD OIL CORPORATION

Executive offices: 555 South Flower Street, Los Angeles 17, California

# "Where Do You Prefer to Borrow?"

## The Results of a Survey on the Borrowing Habits of Philadelphians

EDWARD L. BRINK

DR. BRINK is assistant professor of Marketing at the Wharton School of Finance and Commerce, University of Pennsylvania, Philadelphia.

SEVERAL families were recently asked: "If you needed \$600 to pay medical bills, and you wished to borrow without putting up any collateral or security, where would you go first?"—and 80% answered: "To a bank."

This question was part of an overall study attempting to evaluate the sales promotion problem of a bank, relative to customers' borrowing habits and preferences. In all, 253 selected Philadelphia families were questioned.

Certain information which would tend to indicate the respondent's desirability as a bank borrower was known about each individual family prior to the survey. First, all of these families had enjoyed department store credit in one or more stores during the past year. Second, the mailing address of each of these individuals gave an indication of his "socio-economic" status in the community based on the latest census data. The four "socio-economic" groups from which replies were received are characterized as shown in Table 1.

The response from "socio-economic" group D was not large enough to form the basis of any reliable generalization. However, for the sake of completeness it is included in the results.

The questionnaire contained 17 questions designed to secure information in the following areas:

- Borrowing habits in general
- Information on unsecured loans of \$600 or less
- Details of past loan transactions which customers remember
- Question relating to credit qualifications

**TABLE 1—Rent, Market Value, Percent Owner-Occupied, and Percent Occupied by Nonwhites, in Four Socio-Economic Areas, Metropolitan Philadelphia, 1950**

Socio-Economic Area	Mean Contract Monthly Rent in Dollars	Mean Market Value in Dollars	Mean % Owner-Occupied	Mean % Occupied by Nonwhite
A	55.22	\$9,386.06	63.48	1.94
B	45.66	8,057.57	60.56	12.67
C	33.73	5,816.92	54.99	20.53
D	28.46	4,707.62	41.09	30.43

### (e) Unprovoked general comments

**Borrowing habits in general.** Running a house, or a family, is a lot like running a business. As in business, there are often emergencies to be met, repairs to be made, and many other expenses for the average family. The first set of questions dealt with these "money emergencies."

(1) "Have you ever had occasion to borrow money from a financial institution (bank, savings and loan association, finance company, etc.)?"

Of the 253 responses to this question 189 or 74.4% indicated that they had had a borrowing transaction, as stated in the question, at some time. Slight variations in the percentages answering "yes" by socio-economic group can be seen in the following table.

(2) "If you have answered question No. 1 'Yes,' for what purpose or purposes did you borrow this money?"

Of the various purposes for loans which were given by the respondents,

those mentioned most frequently were: buy a car (20%), buy a house (24%), buy housefurnishings (15%), and make home repairs (10%). These purposes combined accounted for about 70% of the total purposes given. Broken down on another basis, approximately 70% of the loans made were to incur new obligations rather than to meet existing ones. This conclusion differs from that which would usually be made with respect to instalment credit alone. The difference here, of course, is that this question pertained to borrowing in general, including secured, unsecured, instalment, and noninstalment, etc.

The results of these two questions, in general, do not add anything startling to our knowledge of consumer borrowing. In fact, they were included in this study primarily as "leader" questions.

Loans of \$600 or less. The primary interest in this study was in loans of \$600 or less in which the funds would be obtained on signature alone.

(3) "If you needed \$600 to pay medical expenses, for example, and you wished to borrow the money without putting up any collateral or security (that is, on your signature only), where would you go first?"

A surprisingly high percentage of the respondents indicated that they would choose the same financial institution. Approximately 81% of

**TABLE 2—Answers to Question 1**

Group	Responses	"Yes" Responses	
		No.	% of Total
A	58	39	67.2
B	144	107	74.3
C	45	37	82.2
D	6	6	100.0

the respondents indicated their preference for a bank. Also surprising in these results are the preferences of respondents for savings and loan associations and other financial institutions over finance companies. It would seem from these results that consumers may be aware of the relative costs of borrowing at the various institutions. Here again the distribution of preference among these "socio-economic" groups varies as might be expected.

(4) *"What reason (or reasons) would lead you to go first to the institution which you have indicated above?"*

The most frequently checked reasons for borrowing from the particular institution which was indicated in the preceding question were "costs less to borrow there" (31.1%), and "have an account there" (38.4%). Since over 80% of the respondents indicated that they would borrow from a bank, it is logical to conclude that these two reasons applied to banks in general. This was also the case regardless of the socio-economic group from which the respondents came. Here again is an indication of the awareness of relative costs.

(5) *"Of the reasons which you have given (if you gave more than one) which one do you feel is the most important?"*

This question was introduced to force respondents who had indicated more than one reason in the preceding question to pinpoint their motivation. The absolute responses vary, as can be seen in the table below. However, the two paramount reasons—"cost less" and "have an account there"—still account for the largest percentage, but the rankings have shifted.

**TABLE 4—Reasons for Choice of Lender**

Reason Cited	Number of Responses
Account there	151
Costs less	122
Convenient location	40
Other	29
More friendly	18
Ask fewer questions	13
Advertisement	10
Know someone who works there	5
Heard TV and radio	3
Friend borrowed	2
<b>TOTAL</b>	<b>398</b>

**TABLE 3—Question 3 Reveals That 80.8% Prefer a Bank**

Institution	Socio-Economic Group				
	A	B	C	D	All Groups
Bank	47 (82.5%)	112 (82.9%)	28 (71.8%)	3 (42.7%)	190 (80.8%)
Finance company	0	5	0	3	8
Savings & loan	6	6	5	0	17
Other	4	12	6	1	23
<b>TOTAL</b>	<b>57</b>	<b>135</b>	<b>39</b>	<b>7</b>	<b>238</b>

**TABLE 5—Importance of Reasons for Choice**

Most Important Reason	Number of Responses
Costs less	102
Account there	80
Other	19
More friendly	10
Ask fewer questions	4
Convenient location	4
Advertisement	2
Friend borrowed	1
Heard radio and TV	1
Know someone who works there	0
<b>TOTAL</b>	<b>223</b>

(6) *"Have you ever actually had occasion to borrow a sum of \$600 or less on your signature alone?"*

The results of this question revealed that less than half (40.8%) of the respondents had made unsecured loans; that is, a loan which was obtained on their signatures alone. This conclusion holds regardless of the breakdown by socio-economic group, with only slight variations, as may be seen in Table 6.

(7) *"If you have answered 'yes' to question No. 6, in which financial institution did you obtain the last loan?"*

The outstanding feature in the answer to this question was that 66% of the respondents indicated that this kind of a loan transaction had been made at a bank. The table below indicates the distribution of the remaining respondents over the other three kinds or categories of institutions.

In this question socio-economic

Group D was eliminated, since there were only two replies to this particular type of question. In groups A, B, and C the proportion indicating transactions at banks remained quite close, being 66%, 67%, and 60%, respectively. The answer to this question seems again to reinforce a decided preference for banks in this kind of transaction. In fact with a better than 4-to-1 preference for any other institution, it might be said to be emphatic. These statements of past performance in this area are also borne out by the preference indicated in Question 3. The difference in the preferential percentages for the four categories of institutions in Questions 3 and 7 might be explained in part by remembering that Question 3 contains preferences for those who have had transactions of this type as well as those who might be contemplating these transactions.

The study was also interested in how much people remember about the details of loan transactions, regardless of the amount or purpose of the loan. Before discussing the remaining group of questions one should note that the number of replies to these questions is considerably larger than those just discussed. This, of course, indicates

**TABLE 7—Source of Unsecured Loans**

66% borrow at bank
14% borrow at finance company
6% borrow at savings and loan
14% borrow from other institutions

**TABLE 6—Actual Experience Obtaining Unsecured Loans**

Answer	Socio-Economic Group				Total
	A	B	C	D	
Yes	24 (42.8%)	55 (38.4%)	20 (47.6%)	2 (33%)	101 (40.8%)
No	32	88	22	4	146
<b>TOTAL</b>	<b>56</b>	<b>143</b>	<b>42</b>	<b>6</b>	<b>247</b>

the larger number of respondents who had obtained loans other than those commonly thought of as falling in the category of "consumer credit." In all of these questions there was little if any variability by socio-economic groups.

(8) "Do you remember when you made your last loan?" In this case 93% of the borrowers indicated that they did remember when they had made their last loan.

(9) "Do you remember the amount of the monthly payments?" Here 91% of those questioned remembered the amount of monthly payments.

(10) "Do you remember how many months you paid?" Answers showed that 88% remembered the number of monthly payments.

(11) "Do you remember the exact amount of the loan?" Again, 88% stated that they did remember the exact amount of the loan.

(12) "When did you make your last loan?"

In this question the respondent was asked to check one of three categories; this year, last year, or over a year ago. Fifty-six percent indicated that the last loan was over one year ago. This question was introduced to establish the strength or relative importance of the information which the borrower remembered about the last loan transactions.

(13) "Approximately what was the amount of this loan?"

As shown below, the largest category of loans was those over \$600.

Here for the first time, and as might be expected in this series of questions on remembered details of

**TABLE 8—Individual Loan Amounts**

43% borrowed over \$600
15% borrowed between \$401 and \$600
19% borrowed between \$251 and \$400
19% borrowed between \$101 and \$250
4% borrowed under \$100

**TABLE 9—Loan Amounts by Groups**

Socio-Economic Group	Under \$100	\$101-\$250	\$251-\$400	\$401-\$600	Over \$600
A	—	20%	23%	10%	46%
B	7%	20%	18%	15%	39%
C	3%	13%	13%	20%	50%
D (4 responses)	—	—	—	50%	50%

**TABLE 10—Income of Families by Groups**

Family Gross Income	Socio-Economic Group				Total
	A	B	C	D	
Under \$2,500	1%	3%	—	—	2%
\$2,500 but under \$3,500	21%	16%	12%	17%	16%
\$3,500 but under \$5,000	28%	28%	41%	50%	31%
Over \$5,000	50%	53%	47%	33%	51%

loan transactions, there appeared a noticeable difference in answering by socio-economic groups. This is shown in Table 9.

Finally, in an effort to identify further the general kind of credit risk with which we might have been dealing in this study, we asked a series of questions which were broad and yet might have a definite bearing on the acceptability of the respondent as a credit risk.

(14) "Do you rent the house (or apartment) in which you are now living?"

Of the total group responding, 22% indicated that they did rent their present housing facilities. This total is considerably lower than is shown in the census information on Philadelphia as a whole, indicating that the group of respondents contains a larger proportion of home owners than the average for Philadelphia. In a breakdown of answers according to socio-economic groups, Group A indicated 30% renting. This percentage is fairly close to that indicated in the first table. However, Groups B and C showed a percentage of renters of 18% and 19%, respectively, both being considerably lower than the census information from the same table. Again Group D was so small that a meaningful percentage could not be calculated.

(15) "Have you lived at your present address less than or more than five years?"

Of the total respondents, 40% in Group A had lived at their present address less than five years, 54% of Group B, and 32% of Group C.

(16) "Have you (or your hus-

band) been employed in your present place of employment for over one year?"

Of the total group, 90% had been employed in the present place of employment for over a year. There was very little difference by socio-economic group, contrary to what might be expected.

(17) "In very general terms, would you indicate your family income by checking one of the following groups?"

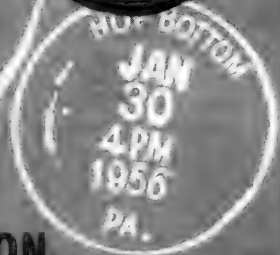
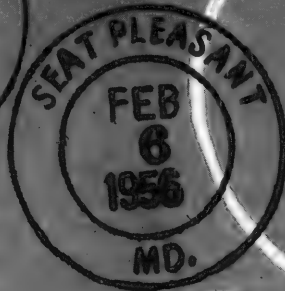
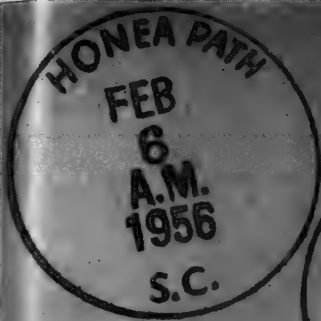
The socio-economic group variation is slight. The outstanding point to be noted is that the majority of the respondents indicate a family income over \$5,000. In absolute numbers only five respondents were under \$2,500, hence the 1% and 3% in that category are not reliable. By the same token, Group D is represented by only six respondents.

### Three Conclusions

These questions were asked to throw light on a question that has frequently been asked in some banking quarters: Is our sales promotion job one of convincing people who are eligible bank credit risks that they are in fact eligible and that our service is cheaper? It was an investigation into whether banks are losing loan customers through lack of family sales promotion.

These questions cannot be answered categorically because the study is too limited in scope. It does, however, provide three conclusions. First, on the basis of these results there is an indication, at least, that banks do seem to occupy a favorable position in the preference of the consumer. Second, if the indications in this study are valid, then the only conclusion is that banks are not properly promoting a favorably disposed market. Third, a further study might profitably be conducted on a much wider scale, following up known bank customers who (a) have and (b) have not borrowed at their banks; and (c) known borrowers who are not bank customers.





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LOOK TO HANOVER**

*... "The Bank That Corresponds  
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***For example, a South Carolina bank president writes:***

*"We can think of  
no connection that we have had  
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more highly valued. There has never been  
a time, in fair or foul weather,  
but what we could feel that if we needed a friend,  
we knew exactly where to go. The services  
you have rendered us have been  
remarkable in many ways."*

**THE HANOVER BANK**

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# BANK LAW NEWS

## *Deposits in Three Names—Joint Accounts*

### DEPOSITS IN THREE NAMES

California court holds statutory presumption of joint tenancy does not apply in dispute between two surviving depositors.

ALMOST all states have some form of statute dealing with deposits in the name of more than one person. Most of them, like the ABA-recommended Deposits in Two Names Act, deal with deposits in the names of two persons only. They do not deal with the question of ownership of funds so deposited, but merely protect banks from liability for making payments to either of the depositors or the survivor of them. Some of them, however, deal with deposits in the names of two or more persons. Others provide for the determination of title to funds on deposit. Still others do both.

Statutes which do regulate title to multiple-name deposits generally do so by setting up a presumption, either rebuttable or conclusive, that the funds therein are held in joint tenancy. In the case of statutes dealing with deposits in two names only, a line of court decisions has developed fairly definite rules for the application of these presumptions to questions of ownership. In the case of statutes dealing with deposits in two or more names, the manner in which the presumptions should be applied has been, for lack of judicial interpretation, a matter of speculation only.

Recently, however, California's District Court of Appeal had occasion to interpret the provisions of a hybrid California statute, which provides that the making of a deposit in statutory form in the names of two or more persons shall be "conclusive evidence" of the intention of the depositors to vest title to the deposit in the "survivor or survivors" (*Cal. Fin. Code* §852). In

apparent disregard of some of the plain language of the statute, the court held that the death of one party to a three-party account did not conclusively vest title in the two survivors and prevent a showing by one of them that the money in the account was originally hers and that she had not in fact intended to create a true joint tenancy.

The court quoted with approval the New York rule governing deposits in two names only, to the effect that between living depositors their actual intention must govern and may be proved by parol evidence to prevent results not contemplated by the parties. "Logically this principle must then also be applied to the relation of two survivors among themselves, especially when one of them furnished all the money in the account," the court said. It then held that the provisions of the statute which set up a conclusive presumption of intention to create a true joint tenancy apply only to questions of ownership as between a surviving depositor and the estate of a deceased depositor.

No question was raised of the right of the depository bank to pay the account to either survivor, regardless of the actual ownership of the funds. *Comastri v. Burke*, 290 P.2d 663. cf. *Paton's Digest, Deposits*, §§14A:4, 14B:1, 14B:3, 14D:2.

### JOINT ACCOUNTS

TWO questions which occasionally arise in the handling of joint accounts—the right of one depositor to stop payment of the other's check, and the right of one depositor to deposit an unendorsed check belonging to the other, are dealt with in decisions of the high courts of Oklahoma and North Carolina.

In a case apparently of first

impression anywhere, Oklahoma's Supreme Court has held that where a husband and wife each has the right to draw checks upon their joint account, such right, so long as it prevails, precludes the right of one to stop payment on a check written by the other. *Brown v. Eastman Natl. Bank of Newkirk*, 291 P.2d 828. cf. *Paton's Digest, Stopping Payment*, §1:7.

In the North Carolina case a wife, without the knowledge or consent of her husband, deposited in their joint account a check of a third person drawn payable to her husband but lacking his endorsement, and then was permitted by the bank to draw against the uncollected funds. The state supreme court held that the bank took the check not as owner but as agent for collection of the wife only and, thus, could look to the wife alone, not to her husband, for reimbursement of the loss which it suffered when the drawer stopped payment of the check before it could be collected. *First-Citizens Bank & Trust Co. v. Raynor*, 90 S.E.2d 894 cf. *Paton's Digest, Deposits*, §14C:1; *Collection*, §2:1.

### FINANCE CHARGES V. INTEREST

Courts declare instalment sales were actually loan transactions and thus hold finance charges subject to usury laws.

CASES dealing with the legal never-never land between "interest," for the loan or forbearance of money, and "finance charge," for the privilege of paying for goods on the instalment plan, as well as with the dangers of close association between retail sellers and financing institutions, recently have been decided by courts in Nebraska and Alabama.

In Nebraska, a dealer sold a tractor on the instalment plan, taking from the purchaser an instalment

(CONTINUED ON PAGE 94)



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(CONTINUED FROM PAGE 92)

contract and a note which were then sold to a finance company. The note called for payment of finance charges of some \$240 on an unpaid balance of \$1,800. The dealer had prepared the contract according to a formula supplied by the finance company. As first drawn, it was not acceptable to the company. After being redrawn in accordance with the company's instructions, it was accepted. On these facts, Nebraska's Supreme Court held that the dealer was merely an agent of the finance company; that the transaction was not a bona fide instalment sale, but merely a cover for a loan of money and that the loan was usurious, since Nebraska law prohibits interest in excess of 9% on loans exceeding \$1,000.

In Alabama, the United States Court of Appeals for the 5th Circuit held that instalment sales of automobiles were, in actuality, loan transactions subject to the usury laws, where the conditional sales contracts involved were on forms furnished by a national bank and contained printed forms of assignment to the bank, and an employee of the bank showed the seller how to compute the finance charge shown on the contracts. In so holding, the courts reversed the Federal District Court, which had found the transactions to be bona fide instalment sales. One judge dissented to the reversal. "The furnishing of forms, the computation of instalments and discussions regarding the purchase of the paper are not, I think, such factors as convert a sale by one person into a loan by another," he said. *Powell v. Edwards*, 75 N.W.2d 122; *Daniel v. First Nat. Bank*, 227 F.2d 353; rehearing denied, 228 F.2d 803.

**INTEREST AND USURY**

FOLLOWING precedent, a New York Court has held that the amount paid by a mortgagor as a penalty for the voluntary prepayment of his mortgage does not constitute usury, if the total amount of interest paid does not exceed the interest that would have been earned if the mortgage debt had continued to maturity. *Redmond v. Ninth Fed. S. & L. Assn.* (N.Y. Sup. Ct., Queens Co.) 147 N.Y.S.2d 702.

Although such prepayment charges may not, in a sense, constitute interest under state usury laws,

**BANKING**



they are, nevertheless, interest so far as the Bureau of Internal Revenue is concerned. In a recent decision, the United States Tax Court held that such charges constitute an additional interest charge for the use of the mortgagee's money for a shorter period of time than originally agreed, and as such, constitute "interest" and are a part of the mortgagee's "gross income," as the terms are defined in the 1939 Internal Revenue Code §201(c)(1). (See also, 1939 I.R.C. §22(a); 1954 I.R.C. §§61, 803(a).) General American Life Insurance Company v. Commr., 24 LW 2449.

### BANKER'S LIEN

A NEW YORK probate court decision illustrates some basic facts concerning the right to assert a banker's lien.

In New York City, one Greenwald was indebted to claimant bank on a promissory note and had funds on deposit sufficient to pay it. However, during his last illness the funds were transferred to another bank. After his death, the note being unpaid, claimant bank attempted to assert a banker's lien against both the funds in the other bank and certain funds which Greenwald's widow, as administratrix of his estate, had deposited with claimant.

The Surrogate's Court for Kings County turned down the bank's claim to each account. So far as the estate account was concerned, the court held that title to it had never rested in Greenwald, but in his administratrix, and the bank thus had no basis for a lien or right of set-off against it. So far as the other moneys were concerned, the court observed that the bank had had a right of lien, but lost that right when it permitted the moneys to be withdrawn. In re Greenwald's Estate, 143 N.Y.S.2d 464. cf. Paton's Digest, Set-Off, §§3, 11.

JOHN RENÉ VINCENS

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# BANKING NEWS

## Bank Hold-Ups, Burglaries Show Downtrend in 6-Month Check, Says T. F. Glavey

**Had Total of 95 Sept.-Feb. Period Compared With 153 Previous Year**

A final check of figures on crimes against banks shows a substantial downward trend, according to Thomas F. Glavey, chairman of the Insurance and Protective Committee of the American Bankers Association, in a report covering the first six months of the Association's 1955-56 fiscal year.

Mr. Glavey, who is assistant vice-president, The Chase Manhattan Bank, New York City, reported that during the six months ended February 29, 1956, there had been 77 hold-ups and 18 burglaries—a total of 95, compared with 153 similar crimes during the same six months a year ago. Losses amounted to \$817,591 this year and \$1,010,111 last year.

### Frustrated Hold-ups

Thirty-three hold-ups and 26 burglary attempts were unsuccessful during the period this year, according to Mr. Glavey's report which says: "Doubtless the 178 bank robbery conferences organized country-wide by the Federal Bureau of Investigation during 1955 played an important part, as well as did the several articles published in the *Protective Bulletin*, suggesting devices and methods to frustrate various types of hold-ups. State bankers associations also published material helpful along this line.

"In addition to a 34% reduction (117 to 77) in the number of successful hold-ups, bankers are credited with frustrating 10 more bandit attacks the first six months of this year than were prevented in the same period the previous year."

The A.B.A. report also showed a substantial downward trend in defalcations, the Committee reported. "After checking with the three Federal supervisory agencies, we find that 58 bank dishonesty losses of \$10,000 or more were reported dur-

## ABA Membership Stands at 17,222, Including Branches

Total membership in the American Bankers Association now totals 17,222, according to a report by Glen C. Mellinger, chairman of the Organization Committee of the Association, covering the first seven months of the 1955-56 fiscal year. Mr. Mellinger is vice-president of The Detroit Bank.

Included in the total membership figure of 17,222 are 173 member banks outside of the Continental United States and 3,000 branch offices of domestic banks. Since the start of the Association year, 242 new members were enrolled; but subtracting mergers, liquidations, closings, and failure to renew, the net gain is 82 members.

According to Mr. Mellinger's report, membership in the A.B.A. now accounts for more than 98% of the nation's banks, holding more than 99% of the banking resources.

ing 1955 and aggregated \$3,900,000. Of this total, \$1,300,000 was excess above the insurance covering six of these defalcations. The 1955 figures compare with 84 of these larger losses aggregating \$5,800,000 in 1954. Of the 84 shortages, 12 were partially uninsured to the extent of \$1,300,000, approximately the same total developed by the six excess losses in 1955. As in previous years, practically all of the defalcation losses in the years 1954 and 1955 which exceeded the amounts of insurance carried (17 out of 18) occurred in banks with deposits of less than \$7,500,000.

For indemnity against losses which may result from embezzlements, misapplication of funds, or mysterious disappearances of money or securities, the A.B.A. Insurance and Protective Committee emphasizes:

(1) The importance of banks having amounts of blanket bond coverage that do not suffer by comparison with the amounts carried by other banks of similar size.

(2) The advantages of making certain that their blanket bonds have been converted from a loss-sustained to a discovery basis.

## Los Angeles Bankers Serve on Arrangements Committee for ABA's 82nd Convention

**J. E. Shelton, former ABA Chief, Is General Convention Chairman**

The committees for the 82nd annual convention of the American Bankers Association, which will be held in Los Angeles, Calif., October 21-24, were announced recently by the Los Angeles Clearing House Association, whose member banks will be official hosts to the convention. Membership of the committees includes the following:

### General Convention Committee

James E. Shelton, chairman of the board, Security-First National Bank of Los Angeles, *chairman*; Roy A. Britt, president, Citizens National Trust & Savings Bank of Los Angeles; Frank L. King, president, California Bank; Ben R. Meyer, chairman of the board and president, Union Bank & Trust Co. of Los Angeles; V. H. Rossetti, chairman of the board, The Farmers and Merchants National Bank of Los Angeles; P. Ray St. John, vice-president, Canadian Bank of Commerce; Jesse W. Tapp, chairman of the board, Bank of America N.T. & S.A.; W. F. Volberg, vice-president and manager, Federal Reserve Bank of San Francisco, Los Angeles branch; and George M. Wallace, chairman of the managing committee, Security-First National Bank of Los Angeles.

### Executive Committee

Frank L. King, president, California Bank, *chairman*; Chester A. Rude, chairman of the executive committee, Security-First National Bank of Los Angeles, *vice-chairman*; O. S. Aultman, vice-president, California Bank, *secretary*; Thomas C. Deane, vice-president, Bank of America N.T. & S.A.; Oscar T. Lawler, president, The Farmers and Merchants National Bank of Los Angeles; and Kenneth B. Wilson, executive vice-president, Citizens National Trust & Savings Bank of Los Angeles.

### Arrangements Committee

Arthur T. Brett, vice-president and cashier, California Bank, *chairman*; Ira E. Ogden, vice-president, Bank of America N.T. & S.A., *vice-chairman*; W. J. Cassin, vice-president and cash-

(CONTINUED ON NEXT PAGE)

In this picture from the A.B.A. Executive Council meeting at White Sulphur Springs are, *left to right*:

Merle E. Selecman, executive manager, American Bankers Association; George R. Boyles, A.B.A. treasurer, and chairman of the board and president, Merchants National Bank in Chicago; Fred F. Florence, Association president, and president, Republic National Bank of Dallas; W. Randolph Burgess, Under Secretary of the Treasury; Rowland R. Hughes, former director of the Bureau of the Budget; Erle Cocks, A.B.A. vice-president, and vice-chairman of the board and chairman of the executive committee, Fulton National Bank, Atlanta, Georgia.



Ray M. Gidney (*center*), Comptroller of the Currency, at the meeting of the A.B.A. Executive Council, White Sulphur Springs, with two veteran national bank examiners:

*On the left*: Gibbs Lyons, former chief national bank examiner in the New York District, now president of the First-Stamford (Conn.) National Bank & Trust Company. Mr. Lyons is president of the A.B.A. National Bank Division.

*On the right*: F. Raymond Peterson, former national bank examiner in the tenth, eighth, eleventh, and second Federal Reserve districts. Mr. Peterson is chairman of the board of the First National Bank and Trust Company of Paterson, N. J., and a former A.B.A. president.



Paul D. Dodds, senior vice-president of the Security-First National Bank of Los Angeles, Los Angeles, California; W. W. Campbell, chairman of the board, National Bank of Eastern Arkansas, Forrest City, Arkansas; and H. Earl Cook, chairman of the board of the Federal Deposit Insurance Corporation, entering the meeting room of the Executive Council of the American Bankers Association at The Greenbrier, White Sulphur Springs, West Virginia. Mr. Dodds is chairman of the Hotel Committee for the A.B.A. Convention in Los Angeles in October.

## Los Angeles Bankers

(CONTINUED FROM PAGE 96)

ier, The Farmers and Merchants National Bank of Los Angeles; Hal W. Cross, vice-president, Union Bank & Trust Co. of Los Angeles; E. E. Kenway, vice-president, Citizens National Trust & Savings Bank of Los Angeles; Chester C. Lincoln, vice-president, Security-First National Bank of Los Angeles; and C. H. Watkins, assistant manager, Federal Reserve Bank of San Francisco, Los Angeles branch.

## Entertainment Committee

J. E. Fishburn, vice-president, Bank of America N.T. & S.A., *chairman*; George E. Yousling, vice-president, Se-

curity-First National Bank of Los Angeles, *vice-chairman*; William H. Andrews, vice-president, Citizens National Trust & Savings Bank of Los Angeles; George Clark, assistant vice-president, The Farmers and Merchants National Bank of Los Angeles; and C. C. Pearson, vice-president, California Bank.

## Finance Committee

William W. Cottle, vice-president, Security-First National Bank of Los Angeles, *chairman*; C. C. De Pledge, senior vice-president, California Bank, *vice-chairman*; Walter J. Braunschweiger, executive vice-president, Bank of America N.T. & S.A.; E. M. Hayes, assistant vice-president, Canadian Bank of Commerce; Frank D. Le Bold,

vice-president, Citizens National Trust & Savings Bank of Los Angeles; and John W. Luhning, vice-president, Union Bank & Trust Co. Los Angeles.

## Hotel Committee

Paul D. Dodds, senior vice-president, Security-First National Bank of Los Angeles, *chairman*; T. E. Ivey, Jr., vice-president, California Bank, *vice-chairman*; Edwin B. Wood, assistant vice-president, Security-First National Bank of Los Angeles, *secretary*; R. L. Hock, vice-president, Citizens National Trust & Savings Bank of Los Angeles; Edward H. LeBreton, vice-president, Union Bank & Trust Co. of Los An-

(CONTINUED ON PAGE 101)



## Dunkerley, French, Powers, Gunderson Named Senior Deputy Managers of A.B.A.

### 4 Men Have Collective Service of 73 Years; Fichtel Gets a New Title

Four new administrative posts in the American Bankers Association have been created by the Administrative Committee of the Association upon the recommendation of Executive Manager Merle E. Selecman. These new posts carrying the title of senior deputy manager were voted by the Administrative Committee at the Spring Meeting of the A.B.A. Executive Council in White Sulphur Springs, W. Va.

"The purpose," according to Executive Manager Selecman, "is to provide for better distribution of the administrative responsibilities of the varied and growing activities of the Association. This step follows sound, organizational planning for multiple administrative responsibilities," he said, "and is in line with the prevailing practice in many banks which now have senior vice-presidents."

The four men advanced to these new posts are J. R. Dunkerley, Walter B. French, Carroll A. Gunderson, and William Powers. Collectively, these four men have 73 years of service with the A.B.A.

### 29 Years With A.B.A.

Mr. Dunkerley has been with the Association 29 years, having joined the staff in 1927 as assistant to the executive manager. He has been a deputy manager for 11 years, in charge of its Savings and Mortgage Division and the Organization Committee.

Mr. French has been with the Association for 16 years, having joined it in March 1940, as a deputy manager. Since 1943 he has been in charge of the Credit Policy Commission of the Association and the Small Business Credit Commission, and since 1953 he has been secretary of the State Bank Division.

Mr. Gunderson has been with the Association for 12 years, having joined the staff as secretary of the Small Business Credit Commission in 1944. Later he became secretary of the Association's Credit Policy Commission. In 1950 he was named a deputy manager and secretary of the A.B.A. National Bank Division.



Left to right, above, and at right, J. R. Dunkerley, Walter B. French, William Powers, C. A. Gunderson, and R. R. Fichtel



Mr. Powers has been with the Association 16 years, having joined the staff in 1940 to establish its Customer and Personnel Relations Department and to serve as assistant registrar of The Graduate School of Banking. In 1943 he was given the title of deputy manager and in 1944 was advanced to registrar of the G.S.B. In September 1955, he was named secretary of the new A.B.A. Committee on Executive Development.

Three of these men are graduates of the American Institute of Banking, and all of them are graduates of The Graduate School of Banking.

Rudolph R. Fichtel, secretary of the Public Relations Council, has been made assistant director and secretary of the Council. Mr. Fichtel is also secretary of the A.B.A. Savings Bonds Committee.

### W. P. Cooley Is Advertising Representative of "Banking"

William P. Cooley, former eastern sales representative of the American Medical Association, has joined the staff of BANKING, Journal of the American Bankers Association, as an eastern advertising representative, it has been announced by William R. Kuhns, editor of BANKING. He will represent the magazine from its headquarters office in New York City.

## Common Machine Language Called All-Important in Mechanizing Check Handling

### Bank Management Commission Issues Report of Progress

A progress report on the mechanization of check handling has been distributed by the Bank Management Commission of the American Bankers Association.

The report itself is a reprint of an article which appeared in BANKING for February 1956. Its author is John A. Kley, vice-president of The County Trust Company, White Plains, N. Y. Mr. Kley is a member of the Bank Management Commission and chairman of its Technical Subcommittee on Mechanization of Check Handling.

A letter to all A.B.A. member banks was attached to the report. In it, Commission Chairman William W. Cottle notes that the adoption of a common machine language which can be read by check handling equipment in any bank is the most important problem to be solved by the Technical Subcommittee. Mr. Cottle is vice-president and cashier of Security-First National Bank of Los Angeles.

### Single Coding Medium Sought

"This means," he writes, "that what the Committee is striving for is the adoption of a single coding medium and location on the check that can be read by all makes of machines in the future. . . . The selection of the specific encoding method is still under study by the Technical Subcommittee. . . ."

"We have approached the problem with the idea that the only real way of solving the standardization requirement idealistically is by the use of common machine language. Such a language can be placed in a uniform manner within a fixed designated area on all-sized checks."

After service in the U. S. Marine Corps, Mr. Cooley was employed by the Standard Oil Company of New Jersey and later was associated with *Industry and Power* and *Consulting Engineer*. Before joining the American Medical Association, he was the Midwest advertising sales manager for *The Export Buyer*.



## Events and Program Speakers at American Institute of Banking's 54th Annual Convention in Dallas, June 4-8

The program for the 54th annual convention of the American Institute of Banking to be held in Dallas, Texas, June 4-8, is as follows:

### First Business Session

*Monday, June 4, 1956, 9:45 A.M.*

Call to order by Bernard J. Lunt, president, American Institute of Banking; assistant vice-president, The Fort Worth National Bank; invocation by the Reverend Lawrence M. DeFalco, Our Lady of Perpetual Help Church, Dallas; address of welcome by P. B. Garrett, general chairman, Local Convention Committee; president, Texas Bank & Trust Company, Dallas.

Annual report of the president by Mr. Lunt; presentation of Harold Stonier Award by Leroy S. Clark, vice-president, American Institute of Banking; vice-president, Marine Midland Trust Company of New York; address by Fred F. Florence, president, American Bankers Association; president, Republic National Bank of Dallas.

### Conference on Credits

*2-4 P.M.*

Presiding, Martin J. Travers, vice-president, Power City Trust Office, The Marine Trust Company of Western New York, Niagara Falls, New York. "Current Highlights of the Consumer Credit Situation" by John L. Gibson, vice-president, Republic National Bank of Dallas; "What About Real Estate Credit?" by Daniel W. Hogan, Jr., vice-president, Savings and Mortgage Division, A.B.A.; president, City National Bank and Trust Company, Oklahoma City; "The Banker's Responsibility in Today's Economy" by Don H. Wageman, chairman of the executive committee, Seattle-First National Bank.

### Women's Conference

*Monday, June 4, 1956, 2-4 P.M.*

Presiding, Ellen L. Keely, chairman, National Women's Committee; Fidelity Union Trust Company, Newark, N. J.

"Opportunities for Women in Banking" by Carl A. Bimson, president, Valley National Bank, Phoenix, Ariz.

"Design for Doing"—panel discus-



B. J. Lunt



L. S. Clark

sion led by Ethel White Kuchler, executive secretary, Essex County Chapter, A.I.B., Newark, N. J. Panel members: O. Kathryn Bell, The Barnett National Bank, Jacksonville, Fla.; Ellen L. Fisher, The Ohio Citizens Trust Company, Toledo, Ohio; Ruth G. Karkalits, Republic National Bank of Dallas, Dallas; and Frances Leith, Bank of the Commonwealth, Detroit.

### National Public Speaking Contest for the A. P. Giannini Educational Endowment Prizes

*8:30 P.M.*

Presiding, John W. Harris, chairman, National Public Speaking Committee; Central-Penn National Bank, Philadelphia.

General Theme: "Our American System of Capitalism"; subtopic for final contest: "Banking and American Capitalism."

### Educational Conferences

*Tuesday, June 5, 1956, 9:30-12 Noon*

Presiding, E. Maurice Faubion, co-chairman, Educational Advisory Committee; Bank of the Southwest National Association, Houston.

"A Suggested Philosophy for Building People" by Harold W. Wallgren, vice-president, The Philadelphia (Pa.) National Bank; "Modern Instruments for Developing Bankers" by Harmon C. Martin, assistant cashier, The First National City Bank of New York City; and "Applied Imagination in Banking" by Dr. Leroy Lewis, national educational director, A.I.B., New York City.

*2-4:30 P.M.*

Group I—Chapters with membership over 500.

Presiding, Ralph H. Mittendorff, member, Educational Advisory Committee; American Security and Trust Company, Washington, D. C.

## 52 A.I.B. Chapters Enter National Publicity Contest

Fifty-two chapters of the American Institute of Banking have entered the 1956 National Publicity Exhibit, according to Ronald W. Randhan of the Gary (Ind.) National Bank, who is chairman of the A.I.B.'s National Publicity Committee. The exhibit will be held as part of the Institute's 54th annual convention in Dallas.

The Publicity Exhibit has been a feature of the A.I.B. convention every year since 1908, except during World War II. Since it was reestablished in 1948, interest in it has grown until it is one of the most popular convention features.

Scrapbooks containing newspaper clippings, programs, photographs, and similar promotion material for the 52 chapters will be put on display during these days and will be judged for appearance and content by three judges—an outstanding banker, an advertising executive, and a newspaper man.

For purposes of the contest, chapters are placed in one of three size groups: those with membership of 751 or more; those with membership of 251 to 750; and those with membership of 250 or less. Three awards are usually made in each division.

The purpose of the exhibit is to give Institute chapters an opportunity to display their publicity and promotion programs and to encourage them to keep a permanent record of their functions during the year.

Panel discussion on applying the Institute's educational program. Panel members: George D. Bushnell, American National Bank and Trust Company, Chicago; Lucylle C. Farmer, First and Merchants National Bank, Richmond, Va.; William J. Garrison, The Denver (Colo.) National Bank; and Paige V. Simpson, First National Trust and Savings Bank, San Diego.

*2-4:30 P.M.*

Group II—Chapters with membership under 500.

Presiding, John F. Otto, member, Educational Advisory Committee; The United States National Bank of Portland, Ore.

(CONTINUED ON NEXT PAGE)

## Events and Program Speakers at A.I.B. Convention

(CONTINUED FROM PAGE 99)

Panel discussion on applying the Institute's educational program. Panel members: Bart A. Brown, Citizens Fidelity Bank and Trust Company, Louisville, Ky.; John H. Holder, Jr., The First National Bank and Trust Company, Macon, Ga.; Linus K. Loudermilk, Michigan National Bank, Battle Creek; and Lorrintha B. Yerke, National Bank of Commerce of Seattle, Yakima, Wash.

### National Debate Contest for the Jesse H. Jones National Convention Debate Fund Prizes

Tuesday, June 5, 1956  
8:30 P.M.

Presiding, Dorothy R. Anderson, chairman, National Debate Committee; The United States National Bank of Portland, Ore. *Question:* Resolved, That the Federal Government should guarantee higher education to qualified high school graduates through grants to colleges and universities.

### Bank Management and Operations Conference

Wednesday, June 6, 1956,  
9:30-11:30 A.M.

Presiding, Pierre N. Hauser, vice-president, First Wisconsin National Bank, Milwaukee.

"It Ain't What It Used to Be—and It's Going to Be Even More So" by Theron D. Elder, vice-president, First National Bank and Trust Company, Oklahoma City; "Automation by Degrees" by Charles A. Roloff, assistant vice-president and first assistant to the executive operations officer, First Wisconsin National Bank, Milwaukee; and "No Winning Runs Are Scored from a Grandstand Seat" by Edwin P. Neilan, chairman, Committee on Executive Development, A.B.A.; president, Equitable Security Trust Company, Wilmington, Del.

### Savings and Mortgage Conference

Wednesday, June 6, 1956,  
9:30-11:30 A.M.

Presiding, Harry R. Smith, vice-president, Bank of America N.T. & S.A., San Francisco, Calif.

"Attracting the Savings Dollar" by William E. Vojta, savings department, The First National Bank of

Chicago; "Developing and Servicing F.H.A.-V.A. Loans for Institutional Investors" by W. V. Register, president, First National Bank of Dunedin, Fla.; and an additional speaker to be announced.

### Trust Business and Investments Conference

9:30-11:30 A.M.

Presiding, William C. Way, vice-president, Central National Bank, Cleveland, Ohio.

"Building Prestige and Third-Party Influence to Promote Trust New Business" by William R. Spinney, assistant trust officer and manager of the estate planning department, Title Insurance Trust Company, Los Angeles; "Current Investment Outlook" by John H. McGinnis, Republic National Bank of Dallas, Dallas; and "Pension and Profit-Sharing Plans" by Robert S. Swaim, vice-president, The First National Bank of Chicago.

2 P.M.—Outing at Fair Park.

### Chapter Administration Conferences

Thursday, June 7, 1956,  
9:30 A.M.-12 Noon

Presiding, Samuel M. McGinnis, co-chairman, Administrative Advisory Committee; First Wisconsin National Bank, Milwaukee.

"Making Advertising Pay" by Hartwell Davis, assistant secretary, A.I.B., New York City; "The Value of Chapter Leadership as Training for Bank Executives" by Edwin P. Neilan, president, Equitable Security Trust Company, Wilmington, Del.; "What Constitutes Effective Chapter Leadership" by Robert C. Rutherford, national secretary, American Institute of Banking, New York City; and "The 1956-1957 Team" by Leroy S. Clark, vice-president, A.I.B.; vice-president, Marine Midland Trust Company of N. Y.

2-4:30 P.M.

Group I—Chapters with membership over 500.

Presiding, William P. Eyring, member, Administrative Advisory Committee; Liberty Bank of Buffalo, N. Y.

Panel discussion. Panel members: Arthur McCormack, The First National Bank of Miami, Fla.; Charles

## Christmas Club, Year-end Promotion Material Ready

Advance copies of year-end and Christmas Club promotion material prepared by the Advertising Department of the American Bankers Association were sent to member banks last month. This mailing included four direct mail folders, two blotters, and two series of newspaper advertisements. There are four ads to each series.

Both series of the newspaper advertisements, both blotters, and one direct mail folder promote Christmas Club savings. The other three folders are year-end "thank you" promotion pieces.

The folders are entitled: "Just to Say Thank You"; "A Word of Appreciation"; "With Our Thanks to You"; "For the Best Christmas Yet." The blotters are entitled: "Cash for Christmas" and "Make Your Christmas a Merry One."

One series of the newspaper ads is illustrated with photographs and the other with Santa Claus drawings.

Phillips, Citizens National Trust and Savings Bank of Los Angeles; George A. Rogers, The First National Bank of Boston, Roslindale, Mass.; and Mildred Sass, Harris Trust and Savings Bank, Chicago.

Thursday, June 7, 1956, 2-4:30 P.M.

Group II—Chapters with membership under 500.

Presiding, Ernest J. Haugberg, member, Administrative Advisory Committee; First National Bank of St. Paul, Minn.

Panel discussion. Panel members: Raymond D. Bositis, Worcester (Mass.) County Trust Company; Robert T. Francis, Valley National Bank, Tucson, Ariz.; Walter L. Jackson, Citizens and Southern DeKalb Bank, Avondale Estates, Ga.; and M. Agnes Newman, Dakota National Bank, Fargo.

### Second Business Session

Friday, June 8, 1956, 9:45 A.M.

Call to Order by President Lunt; invocation by the Reverend W. A. Criswell, D.D., First Baptist Church of Dallas; report of the Resolutions Committee; "Banking and Citizenship" by Maurice Megrah, secretary, The Institute of Bankers, London, England; installation of officers and executive councilmen.

# Study of State-Supervised Banks Shows Fewer Banks But With Increased Assets

## 25th Annual Study Is Made By A.B.A.'s State Bank Division

The total assets of the 9,486 state-supervised banks increased by \$12,899,343,000 during 1955, according to the 25th study of assets and liabilities of state banks just issued by the Committee on State Bank Research of the A. B. A. State Bank Division.

"Condition and Operation of State Banks in 1955" shows that the increase in 1955 was about one-third of the total consolidated resources of the 13,812 state banks in existence in 1931 when the annual studies began.

The current study of all assets of state-supervised banks shows consolidated resources at the close of 1955 business amounting to \$128,889,808,000, or 11.1% over 1954.

Figures from the study in 1931 show 13,812 state-chartered banks having total resources of \$37,807,550,000. These were the first collected figures available on state banks and do not provide a comparison with previous years.

## Depression Years

From 1931 to 1933, at the bottom of the depression, state bank resources declined to \$30,617,808,000; and the number of banks declined to 11,057. By 1935, the number of banks had continued to shrink, with 10,473 banks reporting consolidated resources of \$35,724,723,000.

The 1955 total resources figure covers 8,959 state commercial banks, including loan and trust companies, private banks, stock savings banks, industrial banks, and cash depositories. The remaining 527 were mutual savings banks located in 17 states.

The categories of the state-supervised banks have changed somewhat in the past quarter of a century. In 1931, there were 11,240 state commercial banks, 1,245 loan and trust companies, 546 stock savings banks, 587 mutual savings banks, and 194 private banks. In current figures, private banks and stock savings banks have declined in importance, and comparatively new developments are the industrial banks and cash depositories.

## Los Angeles Bankers

(CONTINUED FROM PAGE 96)

geles; Earl Vaughan, vice-president, Bank of America N.T. & S.A.; and N. F. Wheeler, vice-president, The Farmers and Merchants National Bank of Los Angeles.

## Information Committee

John R. Holt, vice-president, Citizens National Trust & Savings Bank of Los Angeles, *chairman*; Frederick G. Larkin, Jr., vice-president, Security-First National Bank of Los Angeles, *vice-chairman*; Samuel B. Burnham, vice-president, Union Bank & Trust Co. of Los Angeles; Glenn E. Carter, assistant vice-president, Bank of America N.T. & S.A.; J. W. Fromm, assistant vice-president, California Bank; and J. F. Holland, vice-president, The Farmers and Merchants National Bank of Los Angeles.

## Meeting Places Committee

W. C. Neary, vice-president, Union Bank & Trust Co. of Los Angeles, *chairman*; A. E. Oliver, vice-president, The Farmers and Merchants National Bank of Los Angeles, *vice-chairman*; Nolan Browning, vice-president, Bank of America N.T. & S.A.; Forrest W. Denning, vice-president, California Bank; W. L. Rodman, vice-president, Citizens National Trust & Savings Bank of Los Angeles; and Edmund F. Schnieders, vice-president and controller, Security-First National Bank of Los Angeles.

The current study of assets and liabilities shows that the number of state-supervised commercial banks decreased by 30 as a result of mergers and consolidations during 1955. There were definite increases in all principal items of assets and liabilities, except U. S. Government securities, with the greatest advances in loans and discounts, cash items, and demand and time deposits.

Holdings of U. S. Government securities of all state-supervised banks decreased \$1,863,582,000, or 4.9%, to a total of \$36,447,246,000. This item represented 28.3% of assets.

Holdings of other securities totaled \$11,479,342,000, an increase of 4.4% over the previous year, and represented 8.9% of total assets.

In 1955, loans and discounts, which are indicative of the credit services available from banking institutions in their local communities, totaled \$56,981,406,000, a gain of \$10,844,792,000, or 23.5%. Of this amount, the commercial banks held \$39,528,532,000; and mutual savings banks held \$17,452,874,000. Loans

## Reception Committee

R. L. Gordon, vice-president, Bank of America N.T. & S.A., *chairman*; H. J. Mendon, senior vice-president, California Bank, *vice-chairman*; Lloyd L. Austin, president, Security-First National Bank of Los Angeles; Fred S. Hilpert, vice-president, The Farmers and Merchants National Bank of Los Angeles; and Charles E. Wheeler, vice-president, Citizens National Trust & Savings Bank of Los Angeles.

## Registration Committee

Arthur M. Gaines, vice-president, The Farmers and Merchants National Bank of Los Angeles, *chairman*; Theodore W. Johnson, vice-president, Security-First National Bank of Los Angeles, *vice-chairman*; G. C. Grant, vice-president, Citizens National Trust & Savings Bank of Los Angeles; K. S. Smeby, assistant vice-president, Bank of America N.T. & S.A.; and W. J. Thomas, assistant vice-president, California Bank.

## Transportation Committee

Lauder W. Hodges, vice-president and cashier, Citizens National Trust & Savings Bank of Los Angeles, *chairman*; L. C. Small, assistant vice-president, California Bank, *vice-chairman*; Howard C. Kerr, vice-president, The Farmers and Merchants National Bank of Los Angeles; Bruce W. McPheeters, vice-president, Security-First National Bank of Los Angeles; and R. E. Windsor, vice-president, Bank of America N.T. & S.A.

and discounts were 44.2% of assets.

On December 31, 1955, cash reserves and funds due from banks aggregated \$22,096,501,000, an increase of 16.8% for the year, and represented 17.1% of total assets.

Other assets aggregated \$1,885,313,000, for an increase of 15.9%, and represented 1.5% of total assets.

In the section of the publication devoted to the earnings and expenses of state-supervised banks, the figures cover 8,934 state-supervised banks and include loan and trust companies, stock savings banks, and private banks. The total operating earnings of these banks for the year amounted to \$3,016,522,000, an increase of \$434,507,000 or 16.8%.

The report shows that interest and dividends on securities were up 11.7%, to total \$761,156,000. Interest and discount on loans totaled \$1,687,647,000, a gain of 19.9%. Service charges earned \$247,945,000, or 13.5% more; and other current earnings from operations increased \$45,307,000 to \$319,774,000, for an increase of 16.5%.



## New A.B.A. Committee on Employee Training Is Headed by L. M. Schwartz

**Composed of 4 Small Bank Members and 4 City Bank Officers**

Formation of a special Committee on Employee Training to review the training problems of the smaller banks and develop practical training guides for them is announced by Merle E. Selecman, executive manager of the American Bankers Association.

The project will be a joint endeavor of the Country Bank Operations Commission and the Department of Bank Personnel Administration of the A.B.A. The Committee will be composed of four members of the Country Bank Operations Commission and four officers of large city banks experienced in training techniques.

"It is believed that combining the technical knowledge and experience of the men from the large banks with the knowledge of small bank problems of the CBOC men will result in material of great value to the thousands of smaller and medium sized banks," Mr. Selecman said in announcing the creation of the new Committee.

Chairman of the Committee is L. M. Schwartz, president, Citizens State Bank, Paola, Kans. A meeting

## 12 Young Bankers Who Will Compete in AIB's Speaking Contests at Dallas Convention Announced by J. W. Harris

The names of the 12 members of the American Institute of Banking who will compete in the semifinal

was held in Kansas City, Kans., May 24-25, at the Town House.

In addition to Mr. Schwartz, members of the Committee are: Ralph E. Boynton, director of staff training, Bank of America, N.T. & S.A., San Francisco; Leon G. Harmon, vice-president and cashier, First National Bank, Riverton, Wyo.; Arthur S. Greiner, assistant vice-president, National Bank of Detroit; Ernest L. Stucker, vice-president, National Bank of Tulsa, Okla.; Joseph C. Welman, president, Bank of Kennett, Kennett, Mo. (chairman of the Country Bank Operations Commission); Earl A. Weydahl, vice-president, Bank of Killdeer, N. Dak.; Thos. G. Wilson, executive vice-president, First State Bank, Conway, Ark.; N. Rountree Youmans, vice-president, The Citizens and Southern National Bank, Atlanta; George R. Amy, deputy manager in charge of Country Bank Operations Commission, American Bankers Association, New York; Charles E. Betts, Jr., secretary, CBOC, A.B.A.; and George B. Ward, director, Bank Personnel Administration, A.B.A., New York.

contests of the Institute's 1955-56 public speaking program were announced recently by John W. Harris of the Central-Penn National Bank, Philadelphia, who is chairman of the A.I.B.'s National Public Speaking Committee.

The contestants are: Francis A. McQuaid, Union Savings Bank of Boston, Norwood, Mass.; Dorothy Takosh, The First National City Bank of New York City; Norman H. Rea, Fidelity Trust Company, Pittsburgh, Pa.; E. Lee Cain, Wachovia Bank & Trust Company, Charlotte, N. C.; Hoyle D. Lawson, Commerce Union Bank, Nashville, Tenn.; R. Gladson Turnbull, City National Bank & Trust Company, Oklahoma City; Richard J. Powell, First National Trust & Savings Bank of San Diego; A. T. Paioni, Bank of America N.T. & S.A., Palo Alto; Irving Friese, National Bank of Washington, Tacoma, Wash.; Dorothy Patridge, First National Bank of Minneapolis, Minneapolis; Francis J. Hilkin, City National Bank & Trust Company, Chicago; and Walter C. Goetz, The Toledo (Ohio) Trust Company.

The contestants are winners of 12 district contests held by the Institute in various parts of the country during April.

## News On Savings

Items and Comment from Our Savings and Mortgage Division and Other Sources

### Pay-As-You-Go Tax Plan

A NEW pay-as-you-go plan to take the sting out of home real estate taxes has been announced by Central National Bank of Cleveland.

Known as the Tax Thrift Account for budgeting real estate tax payments, the plan provides for the regular deposit of funds in amounts necessary to pay the tax bill. Deposits in the budget account may be on a weekly, bi-monthly, monthly, or some other time interval to be determined by each home owner. The amount of each deposit may also be varied to meet individual needs.

Those who use the Central National thrift accounts may arrange for payment of their real estate taxes by having the bank make payment directly to the County Auditor or if they are customers of the bank, have their thrift account accumulations transferred to their checking accounts and then write their own checks.

The new thrift service was devised for easier payment of home real estate taxes by homeowners after a recent meeting of the mayor and other city officials with financial leaders of the community. Reappraisal of real estate had resulted in

substantially increased taxes for many homeowners, accounting for the interest in a budget payment plan.

### S&L Fact Folder

THE South Dakota Bankers Association has made available to its members a little folder entitled "FACTS You Should Know About Banks and Savings and Loan Associations." As many or as few copies as are required may be ordered through the SDBA in Huron.

This folder has been used with telling effect by the Colorado Bankers Association.



## Commercial Banks Hike Rate

COMPETITION for savings deposits became keener in New York City late in April when six major commercial banks raised their interest rate to 2½%. This is the highest rate permitted commercial banks by the Comptroller of the Currency. In case of the New York City banks it applies generally to balances of from \$5 to \$25,000.

The six banks announcing a hike in their interest rate on thrift accounts included the First National City Bank, Bankers Trust Company, Chase Manhattan Bank, Manufacturers Trust Company, Chemical Corn Exchange Bank, and Irving Trust Company.

## Size of Savings Deposits

IN a report on interest rates and size of savings accounts in New York City, the *New York Times* reveals that the average size of savers' accounts in the Manufacturers Trust Company is \$733; at the First National City Bank it is \$915; the average account size at the Bowery Savings Bank is \$2,685; and at the Greenwich Savings Bank, \$2,227.

## Savings Bonds Sales Hold

SALES of "E" and "H" Savings Bonds are "holding their own" at \$1,513,000,000 for the first three months of 1956, compared with \$1,556,000,000 for the first three months of 1955, according to William H. Neal, chairman of the Savings Bonds Committee of the American Bankers Association, and senior vice-president, Wachovia Bank and Trust Company, Winston - Salem, N. C. In 1955, the sales of Series "E" and "H" Bonds totaled \$5,400,000,000 and were the best in 10 years.

The total of Series "E" and "H" Bonds outstanding on March 31, 1956, stood at a cash value of approximately \$40,600,000,000. These bonds are held by more than 40,000,000 Americans; they represent about 2-billion separate pieces of bonds; and about 68% of the Series "E" Bonds that have already reached their 10-year maturity date are still being held under the Treasury's automatic extension method.

Mr. Neal's report was issued to mark the 15th anniversary of the



During a campaign to get more school children as savers, Farmers Bank and Trust Company, Knox, Ind., opened new accounts for the nine members of the Rolla Smith family, shown above. With Cashier Rudolph L. Stark in the front row, left to right, are Linda 7, Roger 9, Lawson 10, James 12, Thelma Jo 14, Bob 15, and Wilburn 17. Back row, left to right, Roy 3, Teller Barbara Gilliland, and Brenda 5

Series "E" Savings Bonds program, which began in May 1941. During the entire life of the program, banks have served as issuing agents for Savings Bonds. "Looking back 15 years," Mr. Neal says, "there can be no doubt that Savings Bonds have been good for the country and its people. Looking forward, there is no doubt that Savings Bonds will need continued banking support."

## New Thrift Week Dates

STARTING in 1957, National Thrift Week will be observed during the third calendar week of October instead of January 17-23.

This announcement by Dr. Herman B. Wells, chairman of the National Thrift Committee, said the change was the result of a survey among members and participants, 70% of whom favored it. Reasons include the fact that much of the committee's work is with children, and that it was believed a time near the beginning of the school year would provide "more opportunity for teachers and students to profit by the annual observation."

However, celebration of Benjamin Franklin's birthday, January 17, will still be a regular feature of the committee's program.

## Bank Legion Post Projects

PAUL MCCOMSEY, Roosevelt Savings Bank employee and commander, Mutual Savings Banks Post No. 1820, Brooklyn, N. Y., received a letter from the American Legion national headquarters outlining a radio se-

ries the Legion was producing entitled "FOR GOD AND COUNTRY." Checking details, he learned that a number of nationally known personalities, including cabinet members, legislators, and corporation executives would discuss subjects of importance to our national welfare. Radio Station WOR in New York City offered to broadcast the series. Each program is opened and closed by an officer of the post, who ties in his own activities and the community services of savings banks.

This post also is paying the expenses of three boys who will attend the Empire Boys' State (seminar in civic government) at Colgate University, June 24 to 30.

## Mutual Assets \$32-billion

FOR the first time in their 140-year history, the assets of the nation's 527 mutual savings banks reached \$32,000,000,000, according to Charles R. Diebold, president of the National Association of Mutual Savings Banks and president, The Western Savings Bank of Buffalo, N. Y. During the last 10 years, assets of the mutual savings banks have nearly doubled.

The investment portfolio continues to show emphasis on mortgage lending. The gain of \$587,000,000 in mortgages during the first quarter was 6.5% greater than the \$551,000,000 increase during the corresponding period of 1955. The quarter showed an increase of \$42,000,000 in municipals and \$50,000,000 in corporates, whereas a year ago the respective gains for the quarter had been \$51,000,000 and \$26,000,000.

# News for Mortgage Credit Men

Items and Comment from Our Savings and Mortgage Division and Other Sources

## Wives' Views on Homes

PURSUANT to an invitation by Administrator Albert M. Cole of the Housing and Home Finance Agency, about 100 housewives met in Washington, D. C., on April 25 to discuss home planning needs for the future. Resulting from the conference were several suggestions for home planning:

(1) A large "family room" to be located adjacent to the kitchen, which could be used for many family purposes.

(2) Also adjacent to the kitchen should be a utility room having a rear entrance way and in which childrens' rubbers, snow suits, and wet boots could be removed before coming into the house, and the area also used for washing, ironing, and mending.

(3) There should be a den for teen-agers' use of the television so that the quiet and restful atmosphere of the living room would not be disturbed for adult use.

(4) Bedrooms — compactly built for use only as bedrooms and not play rooms for the children.

## Mortgage Facilities Act

A PRIVATE mortgage lending corporation will make mortgage loans in depressed urban areas under a bill recently enacted in the State of New York. The Mortgage Facilities Corporation will be owned and controlled by established lending institutions, and subject to supervision by state banking and insurance offi-

### Nonfarm Housing Starts

	1955	1956
January . . . .	87,600	74,000
February . . .	89,900	78,000
March . . . . .	113,800	96,000
April . . . . .	132,000	106,000

The 106,000 privately financed units started in April represented a seasonally adjusted annual rate of 1,100,000 units.



The board of directors of Operation Home Improvement, New York City, has announced plans for a special advertising section in a late September issue of the *Saturday Evening Post*. According to OHI Executive Director J. R. Doscher, all of those identified with the home building industry will be invited to place advertising in this section. "How to Improve Your Home" will be the theme of the advertising program. The OHI board, seated, left to right, J. E. Dickerman, National Assn. of Home Builders; J. G. Steiner, U. S. Chamber of Commerce, and vice-chairman and secretary; and P. B. Shoemaker, Masonite Corp., OHI president and board chairman. Standing, George Roscoe, National Electrical Contractors Assn.; R. H. Anderson, Sears, Roebuck & Co.; Don Moore, OHI assistant director; Mr. Doscher; J. D. Elgin, National Gypsum Co.; A. J. Watt, U. S. Gypsum; and H. R. Northup, National Retail Lumber Dealers Assn.

cers. Member lending institutions will loan funds for mortgage placement, with loan commitments for mutual savings banks in the corporation limited to 1% of surplus funds.

## GI Loan Extension Asked

A BILL introduced in Congress by Representative Albert Rains would extend the GI home loan program for World War II veterans beyond the present expiration date of July 25, 1957. The Rains bill would provide for a gradual termination of the program based upon date of discharge and term of service, with a final termination date not later than June 30, 1961.

## Cole Clarifies Public Housing

FHA ADMINISTRATOR COLE, speaking before the Mortgage Bankers Association, clarified the Administration's policy on public housing. He stated that public housing should be an over-all part of community planning for slum clearance and ur-

ban renewal in order to be eligible for Government support. The Administration seeks authority for 35,000 low-rent public housing units in each of the next two fiscal years. The Senate's housing bill seeks 135,000 units a year for three years.

## Veterans' Housing Bill

Summary of the bill passed by the House, and awaiting action by the Senate:

(1) World War II veterans will have until January 31, 1965, for VA-guaranteed loans in case of loss through condemnation or natural hazard.

(2) Veterans must certify that homes are for owner occupancy.

(3) Purchaser of a VA mortgage home may continue with the guarantee loan.

(4) The proposed law fixes responsibility for "reasonable value" with the Veterans Administration.

(5) It extends the VA home loan program for one year to loans actually in process at the VA expiration date of July 25, 1957.

(CONTINUED ON PAGE 140)

# News for Instalment Credit Men

Items and Comment from Our Instalment Credit Commission and Other Sources

## Two Manuals Coming

THE A.B.A. Instalment Credit Commission is publishing two manuals which are to be ready for distribution in mid-June—*Financing Household Appliances* and *Insurance Tools for Bank Instalment Credit*. Any A.B.A. member bank may have a copy on request to the Commission at 12 East 36 Street, New York 16, N. Y. There is a nominal charge for additional copies.

The introduction to the appliance financing manual states its purpose: "... to assist banks interested in purchasing retail instalment paper on household appliances and equipment, and in extending the necessary supplementary floor-plan credit to dealers. The fundamental considerations necessary in this classification of instalment lending are outlined in this manual, which should provide the lending institutions with sufficient details regarding policies and procedures to afford safe and profitable operation."

"The primary purpose of this publication," according to the introduction to the insurance manual, "is to assist banks in establishing an instalment credit insurance program by compiling for each loan classification all of the standard—and often interlocking—insurance coverages generally in use."

## Bank Auto Loans Lead in Number, Dollars, Income

LOANS to finance automobiles (direct and indirect) are first in number, dollar amount, and as a source of income among the instalment loans made by commercial banks, according to a study of bank instalment loan portfolios by the Instalment Credit Commission of the American Bankers Association.

The survey shows that, by number, instalment loans to finance the purchase of automobiles, both direct and indirect, amount to 28.81% of all instalment loans, followed by appliances, 20.75%; modernization loans (own plan) 9.12%; and other retail instalment paper, 8.34%.



D. Z. Albright, vice-president and manager of the instalment loan division of Security-First National Bank, Los Angeles, and his secretary, Gail Thayer, look over some of the special material developed by the bank to push the Operation Home Improvement program

In dollar amount, automobile loans are substantially higher than other classifications of loans, accounting for 46.46% of the total outstanding, followed by the classification of other retail instalment paper, 14.17%; personal loans, 12.31%; appliances, 10.02%; FHA Title I, 9.16%; and modernization, 7.88%.

Bank income derived from the various classifications of instalment loans places automobile paper, indirect and direct, at the top with 45.45%. Personal loans are 14.98%; other retail instalment paper, 11.64%; appliances, 11.50%; FHA Title I, 9.65%; and modernization loans, 6.78%.

The study shows that smaller banks have a larger percentage of their total deposits invested in instalment credit outstanding than do large institutions. Banks with deposits up to \$10-million have 16.59% in instalment credit; from \$10- to \$25-million the percentage drops to 12.67%; from \$25- to \$50-million, 9.61%; \$50- to \$100-million, 10.48%; and over \$100-million, 8.03%.

"In comparing these figures with an individual bank's own experience,

there are many factors that must be considered," according to Louis J. Asterita, deputy manager of the A.B.A. in charge of the Instalment Credit Commission. "These include local situation, whether the area lends itself to the type of credit; the extent of area serviced; whether the business is obtained on a direct or indirect basis; types of industries in the community; and general economic conditions. Many smaller banks that do not have to develop a commercial loan portfolio may have much higher relative ratios and may be considered absolutely sound.

"With the high degree of liquidity of this type of credit, with the great diversification of risk, and with the demonstrated low loss ratio, any bank that is operating under a constructive and sound credit policy would have little difficulty in justifying its investment in instalment credit regardless of the percentage relationship."

The reporting banks showed average terms and the range for the various classification of current instalment loans as follows:

	Average Term (months)	Range (months)
Appliances—		
white goods	20	12-30
Television	19	12-24
Modernization—		
own plan	31	14-42
Used cars—1956,		
1955	23	12-30
Direct		
Indirect	26	18-36
Used cars—1954,		
1953	19	10-25
Direct		
Indirect	20	12-24
Used cars—1952,		
1951	14	6-24
Direct		
Indirect	15	9-24

## From Two Experts

Excerpted from an address to the Pennsylvania Bankers Association Convention in Atlantic City by WALTER B. FRENCH, senior deputy manager, American Bankers Association—

WITH business at record-breaking levels, what degree of restraint, if any, should be exerted currently on credit policies?

... I say to you that when you make an automobile loan for 42 months, which means that you are entering into a contract for 3½ years, that is projecting a loan for a period in which many major changes could occur. I think there is room for argument as to whether or not an individual who buys an automobile for a period as long as 42 months is not actually leasing the car instead of buying it. I think the same holds true in real estate loans.

... The only effective restraint in recent years has been the consumer himself. For my part, I believe he will remain that way and will continue to bolster his determination to keep his outstanding obligations within sensible bounds.

Can instalment credit be extended in an expanding economy without inflation? I think that consumer instalment credit can be extended and expanded, if you please, in our economy without the danger of undue inflation. However, I think that this is possible only if the credit is extended by private lenders without Government guaranties and insurance programs. Any Government participation in private credit leads to inflation, for lenders are inclined to accept risks which otherwise they would not do, and all because of a Government guaranty.

Consumer instalment credit would do well on its own because lenders would be punished in the only way they understand—through losses because of unsound terms and practices. This is not possible when Gov-

## A BANK AUTO LOAN IS THRIFTIEST



The A.B.A. Advertising Department's new auto loan folder

ernment says, "You make the loan, Mr. Lender, and we will take the risk"; or worse yet, when Government is in direct competition with private lenders and makes loans direct.

*Excerpts from an address to the Instalment Credit Clinic of the New Hampshire Bankers Association, held on May 9 at Manchester, by LOUIS J. ASTERITA, deputy manager in charge of the A.B.A. Instalment Credit Commission—*

INSTALMENT credit has made it possible for our commercial banks to offer a broader banking service to more people than ever before. It has encouraged savings; which, in itself, broadly continued, is a great hedge against inflation. Instalment loans have improved bank earnings through higher-than-ordinary income.

The period we are presently experiencing calls for real know-how. The business atmosphere has changed. Threat of inflation is in the air. There is some indication that instalment credit is not leveling off as fast as anticipated. There is no question that tighter credit is indicated. More selectivity—turn down all marginal applications—make all the good loans you can even if you have to arrange for rediscounting to accomplish it. Separate the wheat from the chaff—the men from the boys—and keep working toward a healthy consumer credit industry to offset the demands for credit controls.

We can do our job better than any Government agency.

### New Auto Loan Stuffer

THE A.B.A. Advertising Department has prepared a new direct mail piece entitled "A Bank Auto Loan Is Thriftiest." It may be purchased in varying quantities with the bank's name imprinted. Three pages of copy; two colors; 3½ x 6¼ in size. Cover page is shown above.

## News for Trustmen

Items and Comment from Our Trust Division and Other Sources

### Bowe to Conduct Institute

WILLIAM J. BOWE, professor of law, Vanderbilt University, Nashville, Tenn., will give 20 lectures at the second Estate Planning Institute of The University of Colorado School of Law, at Boulder, on July 16-20.

Mr. Bowe, a widely known estate planning expert, wrote four articles for BANKING within the year; namely: "Gifts of Life Insurance," August 1955; "Gifts in Contemplation of Death," October 1955; "Gifts Effective for Estate Tax Purposes,"

November 1955; and "Selection of Property for Gift Purposes," December 1955.

He is also the author of three valuable works on estate tax planning.

### New Commingled Funds Started by Guaranty

ESTABLISHMENT of two commingled employee benefit trust funds under a new plan that is the first of its type to be offered by a New York

City bank has been announced by Guaranty Trust Company of New York. It is the only commingled fund arrangement offered in New York City for the investment of pension, profit-sharing, and other employee-benefit funds which does not freeze all participating trusts in the same diversification pattern. There is no maximum dollar limit on the size of the individual trust that may participate.

One of the new funds will invest only in common or capital stocks;  
(CONTINUED ON PAGE 108)



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**Just The Thing For The Kiddies.** This handsome old coal burner was headed for the scrap yard cutting torch when the railroad donated it to a city park in Tacoma, Washington. To protect its vintage beauty, the locomotive is surrounded with USS Cyclone Fence. Cyclone is a trademark of United States Steel.



**Chilly Bridge Trunnion.** Steel contracts when it is cooled, so USS workmen soaked this trunnion in 2000 pounds of dry ice for 5 hours to make it fit into the hole in a sheave used in a lift bridge. After insertion, the trunnion expanded when warmed and formed an inseparable connection with the mating sheave. U. S. Steel's American Bridge Division built the bridge.



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(CONTINUED FROM PAGE 106)

the other in investments other than common or capital stocks. Chief reason behind the bank's decision to establish two trusts instead of only one is explained as follows by a Guaranty spokesman:

"Each employee benefit plan or trust has its own individual characteristics, and the investment objectives of managements of the various companies establishing such programs vary widely. With our two trusts it is possible to vary the investment diversification of the participating trusts to meet the needs of each trust by varying the percentage of each participating trust invested in each of the two commingled funds. We thus avoid freezing all participating funds in a single investment pattern. Also, through the commingled funds, the individual participating trusts obtain all of the investment advantages inherent in very large individual funds."

Participation in the commingled funds is restricted to pension, profit-sharing or other employee benefit trusts of which the Guaranty Trust Company is sole trustee, which by their terms specifically authorize investment through the medium of

Bart Brown, vice-president and trust officer of Citizens Fidelity Bank & Trust Company, Louisville, with award for outstanding service presented by Kentucky State Bar Association. Mr. Brown has contributed to the trust texts in current use in A.I.B. courses, authored the instructor's manual for the courses, the exercises for correspondent students—even prepared examinations



**TRUST IN ACTION**—A \$17,000 check to establish the "Thomas Dunn Community Center" at Clinton Peabody Terrace, St. Louis, is presented to Mayor Raymond R. Tucker and Mrs. Ethel G. Brungard, director of public welfare, by Judge Thomas C. Hennings, Sr., second from right. Looking on are, from left, Robert N. Arthur, vice-president, Mercantile Trust Company and board member of the Memorial; Arthur Dunn, secretary of the Memorial; and Joseph W. White, vice-president of Mercantile and of the Memorial. Judge Hennings and Mr. White are both past presidents (1931 and 1951) of the A.B.A. Trust Division. The Judge is subject of an "Elder Statesman" feature in the forthcoming (June) issue of *The Trust Bulletin*, written by Mr. White

the commingled funds and which have qualified as tax exempt under the Internal Revenue Code. The Guaranty has received a ruling that the commingled funds are exempt from tax.

## Gives Trust Seminar

**B**ANKERS from 11 states attended the seventh Trust Sales and Estate Planning Seminar held under the sponsorship of Kennedy Sinclair, Inc., New York trust and financial advertising firm. The 4-day seminar was held at the Downtown Athletic Club in New York, where most of the visitors were guests. In the group were a Canadian banker and two lady bankers. Members of the Kennedy Sinclair staff and guest instructors gave a series of lectures on modern estate-planning techniques and sales methods.

## Trust Program Announced

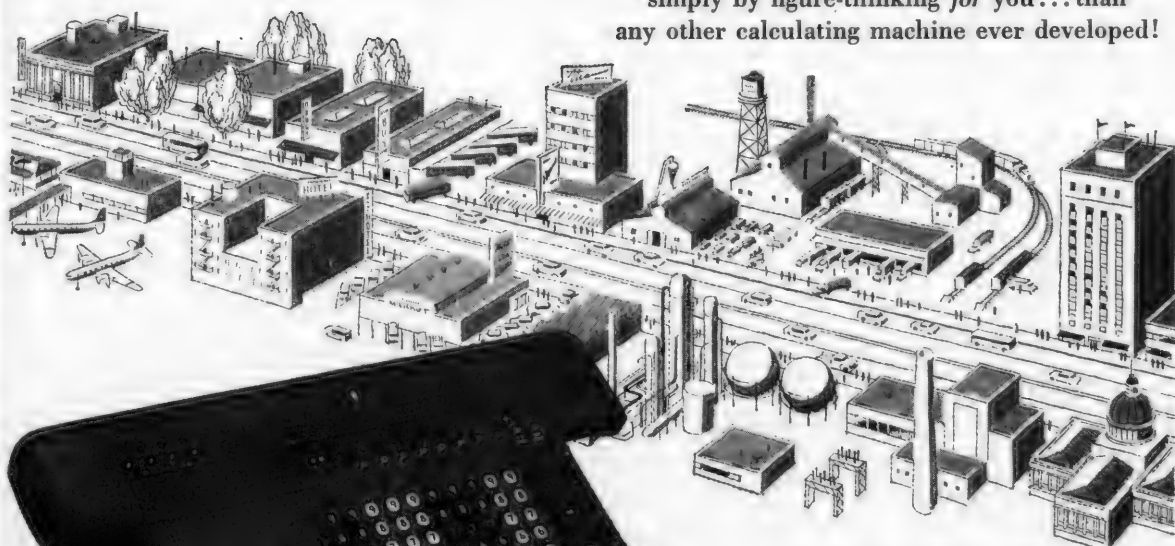
**T**HE program for the 30th Western Regional Trust Conference at the Hotel Utah, Salt Lake City, August 23-24, has been announced by Richard P. Chapman, president of the A.B.A. Trust Division and president of the Merchants National Bank of Boston.

First session, August 23, 9 A.M. Address, Mr. Chapman. "Telling Our Story," Edwin McInnis, vice-president, Bank of America N.T. & S.A., San Francisco. Two speakers are yet to be announced.

Second session, August 24, 9 A.M. Address, Fred F. Florence, president of A.B.A. and president of Republic National Bank of Dallas. "Common Trust Funds," Charles F. Zukoski, Jr., executive vice-president and trust officer, First National Bank of Birmingham. Address, George M. Gadsby, chairman of the board, Utah Power & Light Company, Salt Lake City. "Pension and Profit-Sharing Trusts," John V. W. Zaugg, assistant trust officer, The Bank of California, N.A., San Francisco.

Third session, August 24, 1:45 P.M. "Today's Economic Condition—Outlook for the Future," Raymond Rodgers, Professor of Banking, New York University. Address, to be announced. Panel on Investments: Reno P. Ranson, vice-president, Seattle-First National Bank, Seattle, Wash., leader; Kenneth C. Horrall, J. A. Hogle & Co., Los Angeles; Burton A. Miller, vice-president, The National City Bank of Cleveland; Eugene J. Overman, trust officer, United States National Bank, Portland, Ore.; Michael Pescatello, vice-president, The First National City Bank of New York.

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- ✓ Account costs
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Union Dime Savings Bank of New York City had a farm fair this spring at its Murray Hill office. A feature was daily demonstrations of 4-H Club activities by Orange and Suffolk County young people. Three of the demonstrators who discussed poultry and egg marketing are shown at right. (Story of the fair on page 48, May issue.)



## CALENDAR—1956

### American Bankers Association

June	4-8	American Institute of Banking, Adolphus Hotel, Dallas
June	11-23	The Graduate School of Banking, Rutgers University, New Brunswick, N. J.
Aug.	23-24	30th Western Regional Trust Conference, Hotel Utah, Salt Lake City
Oct.	21-24	82nd Annual Convention, Los Angeles
Nov.	15-16	25th Mid-Continent Trust Conference, Drake Hotel, Chicago
Dec.	10-11	Agricultural Credit Conf., Statler Hotel, St. Louis, Mo.
1957		
Mar.	11-13	Annual Savings and Mortgage Conference; National School Savings Forum, Hotel Roosevelt, New York City

### State Associations

June	1-2	Connecticut, Equinox House, Manchester, Vt.
June	4-6	Illinois, Palmer House, Chicago
June	6-10	Dist. of Col., The Homestead, Hot Springs, Va.
June	7-9	Massachusetts, New Ocean House, Swampscott
June	7-9	Washington, Olympic Hotel, Seattle
June	8-9	New Hampshire,* Wentworth-by-the-Sea, Portsmouth
June	8-9	Savings Banks Assn. of N. H.,* Wentworth-by-the-Sea, Portsmouth, N. H.
June	10-12	Idaho, The Lodge, Sun Valley
June	11-13	Minnesota, Nicollet Hotel, Minneapolis
June	13-15	New York, Essex & Sussex, and Monmouth Hotel, Spring Lake, N. J.
June	14-16	Wyoming, Jackson Lake Lodge, Moran
June	15-16	Vermont, Equinox House, Manchester
June	17-19	Oregon, Pilot Butte Inn, Bend
June	18-19	Utah, Jackson Lake Lodge, Moran, Wyo.
June	18-20	Wisconsin, Schroeder Hotel, Milwaukee
June	21-23	Montana, Many Glacier Hotel, Glacier National Park
June	21-23	Virginia, The Homestead, Hot Springs
June	21-24	Michigan, Grand Hotel, Mackinac Island
June	22-23	New Jersey Mutual Savings, Monmouth Hotel, Spring Lake
June	22-24	Maine, Poland Spring House, Poland Spring
July	13-17	Central States Conf., Colorado Hotel, Glenwood Springs, Colo.
July	19-21	West Virginia, The Greenbrier Hotel, White Sulphur Springs

\* Joint meeting

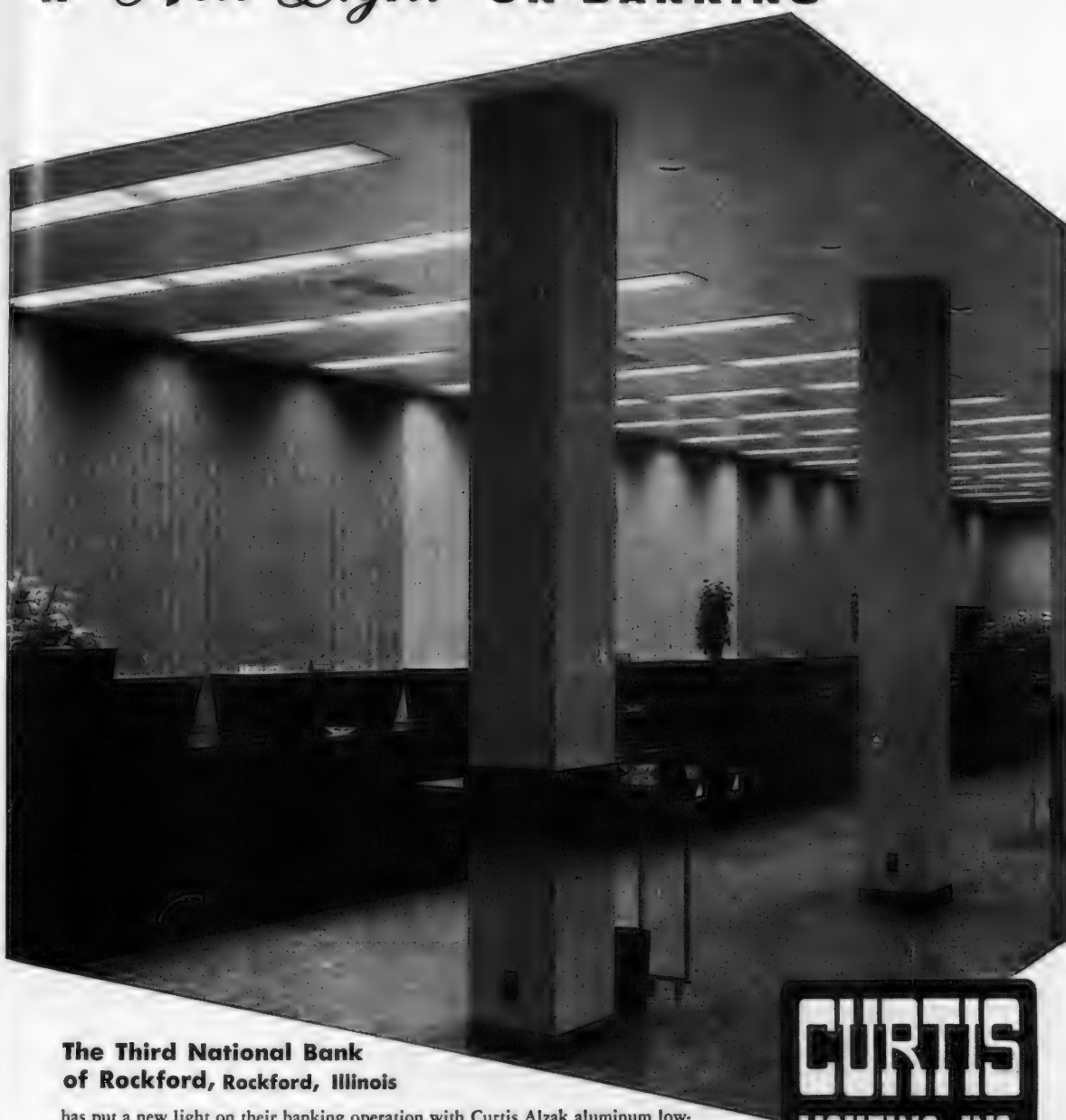
Aug.	19-24	PBA Summer School, Penna. State Univ., University, Pa.
Sept.	4-8	Tennessee Bankers Conf. Univ. of Tenn., Knoxville
Sept.	10-13	Vermont-N. H. School of Banking, Univ. of Vt., Burlington
Sept.	20-22	Savings Banks Association of Maine, Wentworth-by-the-Sea, Portsmouth, N. H.
Sept.	20-22	Savings Banks Association of Massachusetts, Mount Washington Hotel, Bretton Woods, N. H.
Sept.	21-22	Savings Banks Association of New Hampshire, Fall Meeting, Sunset Hill House, Sugar Hill, N. H.
Oct.	5-6	Connecticut-Mutual Savings, Wentworth-by-the-Sea, Portsmouth, N. H.
Oct.	11-12	Nebraska, Fontenelle Hotel, Omaha
Oct.	12-13	New Hampshire, Fall Meeting, Mountain View House, Whitefield
Oct.	28-31	Iowa, Fort Des Moines, Des Moines
Nov.	6-8	Savings Banks Association of New York, The Greenbrier Hotel, White Sulphur Springs, W. Va.
Nov.	8-10	Arizona, Arizona Biltmore Hotel, Phoenix
Nov.	11-13	Kentucky, Phoenix Hotel, Lexington

### Other Organizations

June	3-16	School of Banking of the South, La. State Univ., Baton Rouge
July	13-17	Central States Conference, Colorado Hotel, Glenwood Springs, Colo.
July	16-28	School of Financial Public Relations, Chicago Campus, Northwestern Univ.
Aug.	5-17	School of Consumer Banking, Univ. of Va., Charlottesville
Aug.	19-Sept. 1	School of Banking, Univ. of Wisconsin, Madison
Aug.	20-31	Pacific Coast Banking School, University of Washington, Seattle
Sept.	17-20	National Association of Bank Auditors and Comptrollers, The Shoreham Hotel, Washington, D. C.
Sept.	17-21	National Association of Bank Women, Minneapolis
Sept.	20-22	Golden Anniversary Convention, New York State Safe Deposit Assn., Waldorf-Astoria, N. Y. C.
Sept.	27-29	Western Secretaries Conf., Benjamin Franklin Hotel, Seattle, Wash.
Oct.	7-11	Financial Public Relations Association, Dallas, Texas
Dec.	2-4	Southern Secretaries Conf., Cloister Hotel, Sea Island, Ga.



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# Session No. 22 for G.S.B.

THE 22nd session of The Graduate School of Banking gets under way at Rutgers University, New Brunswick, N. J., on June 11 and runs through June 23.

The school continues at full capacity, and with a backlog of applications for admission. There will be over 1,050 students at this year's two-week resident session. The faculty numbers 101, including special lecturers.

These bank-officer students come this year from 42 states, the District of Columbia, Cuba, and Puerto Rico. In the entering, or freshman, class, there are 329 students. The second-year class has 355; the graduating class numbers 368.

## Has Graduated 4,112 Banker-Students

The Graduate School of Banking was started in 1935 by the American Bankers Association, and graduated its first class in 1937. A total of

4,112 bankers of officer rank have received the Graduate School's diploma.

While the school opens officially on Monday, June 11, the members of the graduating class are due on campus on Saturday. The second year men spend Sunday with their thesis advisers, and the School gets into full operation on Monday.

## Dr. Burgess and Dr. Waksman Are Seminar Speakers

Two evening seminars are annual features of the summer session. One is given annually by Dr. W. Randolph Burgess, Under Secretary of the Treasury for Monetary Affairs, on the first Friday evening, which this year is June 15. The seminar speaker on June 20 will be Dr. Selman A. Waksman, director and professor at the Institute of Microbiology at Rutgers. Dr. Waksman is the discoverer (1945) of streptomycin.

## Enrolment By State

Alabama	5	New	
Arkansas	1	Hampshire	8
California	18	New Jersey	69
Colorado	8	New York	258
Connecticut	49	North	
Delaware	12	Carolina	38
D. C.	25	North Dakota	2
Florida	9	Ohio	43
Georgia	29	Oklahoma	7
Illinois	28	Pennsylvania	116
Indiana	7	Rhode Island	14
Iowa	6	South	
Kansas	4	Carolina	8
Kentucky	8	Tennessee	13
Louisiana	3	Texas	33
Maine	11	Utah	1
Maryland	18	Vermont	5
Massachusetts	92	Virginia	43
Michigan	13	Washington	1
Minnesota	14	West Virginia	5
Mississippi	3	Wisconsin	6
Missouri	17	Wyoming	2
Montana	1	Cuba	1
Nebraska	1	Puerto Rico	5

Commencement exercises will be on Friday evening, June 22. Dr. Harold Stonier, dean of The Graduate School of Banking, traditionally delivers the charge to the graduates.

## For Officers Only

The school is available only to bankers of officer rank. There are three two-week summer sessions at Rutgers University, but the intervening months are by no means free time. The students must complete problems throughout these months, and each must prepare a thesis, acceptable to a panel of thesis examiners, which is the result of individual research into some phase of banking.

## Theses Required

The best of the theses are placed in the Library of the American Bankers Association, where they may be borrowed for study, and in the financial libraries of Rutgers University and the Baker Library of the Harvard Graduate School of Business Administration. In addition, the theses are condensed by their authors for inclusion in *Present Day Banking*, published annually by BANKING.

On the banks of the Old Raritan. Second- and third-year men will recognize this part of the Rutgers campus where they lived as freshmen



## NORTH OF THE BORDER

(CONTINUED FROM PAGE 78)

ing, including petroleum processing, operates with U. S. capital, and it is in this field that the greatest concentration has occurred, notably in the automotive, rubber, metallurgical, and nonagricultural machinery industries.

Considering the dynamic expansion of productive capacity in Canada over the past quarter century, American capital investment in Canadian industry has not been much, if any, greater relatively than in preceding periods. And it might be emphasized that most of the new capital from the United States has come from old established concerns which have operated in Canada for many years, and that they have financed their Canadian subsidiaries quite considerably from retained earnings in Canada.

### Risk-Capital Timidity

Canadians, particularly those in the Province of Quebec, have been backward in providing risk capital for natural resources development and efforts are now being made to interest them more fully in ventures of this kind. But they have not been backward in investments of other types. There has been a spectacular rise in Canadian investment in spheres lying outside of industry, like residential and other personal property, agriculture, and in railways and public utilities, including those owned by municipalities and governments. Largely for this reason the various over-all ratios of nonresident financing of Canadian investment in the postwar period have been much less than in earlier periods of high Canadian investment activity.

Thus the total outstanding funded debt of Canadian governments and corporations, estimated at about \$25-billion, is largely held by the Canadian public, with less than 20% owned abroad. Moreover, Canadians have substantial investments in other countries, those in the United States amounting to about \$1¼-billion, proportionately more than American investments north of the Border. If all these facts were taken into account there would be little reason for the fear now openly expressed by certain political opportunists that Canada is facing U. S. economic domination.

## BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA

RESEARCH DEPARTMENT CONDENSED SUMMARY

### REVIEW OF 1955

In the southern half of California, business volume during 1955 was the largest in the history of the area. This Bank's index of business activity for the fourteen southernmost counties of California averaged 13 per cent higher than during 1954, the previous record year.

Since population in the area increased by more than 4 per cent last year, it appears that on a per capita basis business activity in 1955 averaged about 8 per cent above 1954, and higher than any previous year.

**POPULATION** in the fourteen southernmost counties of California is estimated to have increased from 7,824,000 on July 1, 1954, to 8,184,000 on July 1, 1955—a gain of 360,000 or 4.6 per cent. The increase averaged 30,000 per month, or 1,000 per day.

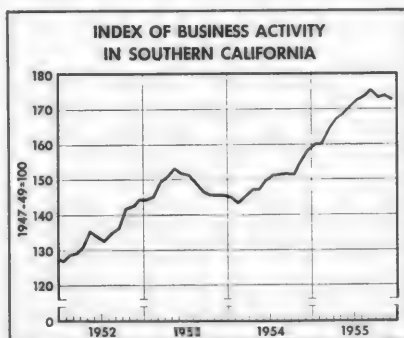
**BUILDING AND CONSTRUCTION** in Southern California established a new all-time record in 1955. Dollar volume was more than 17 per cent above 1954, the previous record year.

**HOME BUILDING** was at a record level in Southern California during 1955. The number of dwelling units included in building permits reached 149,044. The 1954 total was 143,772. In the Los Angeles Metropolitan Area, the total declined very slightly from 105,889 in 1954 to 105,546 in 1955.

**NEW INDUSTRIAL PLANTS** and expansions announced for Los Angeles County during 1955 will involve a capital investment estimated at \$249 million. This is an increase of 17½ per cent over the 1954 total of \$212 million.

**TOTAL INCOME** of the residents of the Los Angeles Metropolitan Area increased by 10 per cent or more during 1955 over the previous year.

**RETAIL SALES** totaled an estimated \$8,150,000,000 in the Los Angeles Metropolitan Area during 1955—an increase of 14½ per cent over 1954, the previous record year.



MONTHLY SUMMARY OF BUSINESS CONDITIONS IN SOUTHERN CALIFORNIA, from which this excerpt was taken, is published regularly for friends and customers of Security-First National Bank by our Research Department. If you would like to receive it free of charge regularly, write Bank and Customer Relations Department.

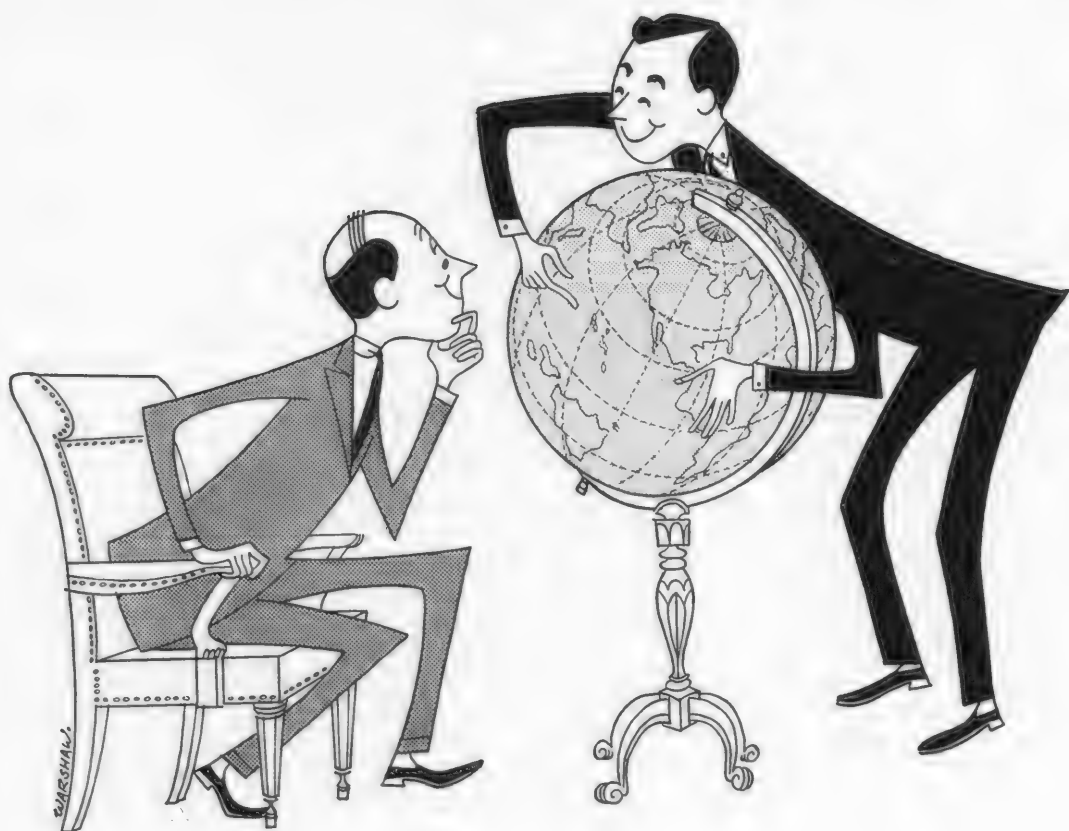
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## Washington

(CONTINUED FROM PAGE 41)

by any President since Woodrow Wilson. (See Condition of Business, page 159.)

### To Survey Farm Loans

In the eight years since the Federal Reserve Board last made a survey of commercial bank lending to farmers, tremendous changes have come over the farm economy, it was noted by Charles N. Shepardson, agricultural member of the Board of Governors.

During this period, real estate loans to farmers have increased by almost two-thirds, and nonreal estate loans have more than doubled. The number of farmers has declined by more than 20%, while the investment per farm worker has increased by more than two-thirds. Gross farm income has declined 3%, while net is down 38%, Gov. Shepardson noted.

In cooperation with the American Bankers Association's Agricultural Credit Commission and the FDIC, the Board therefore will make a new study of the specific characteristics of bank loans to farmers, he announced.

"The proposed schedule for the survey, in addition to quantitative data on farm loans, will provide information on size and type of farm loans involved, the tenure, age, net worth, and full- or part-time operation of the borrower. It will also provide information as to the original amount of loans, outstanding balances, interest rates, whether short, intermediate, or long-term credit, method of repayment, renewals, type of security, purpose, and whether the loan is on a participating basis with another bank," the Governor said.

This survey will thus have a usefulness analogous to the recently completed survey of commercial bank loans to business. It will disclose for all the job of lending to agriculture that is being performed by commercial banks, and thus inferentially will counter the proponents of the growing Government-sponsored agricultural credit empires whose argument is that banks cannot do the job. This new survey also should give banks a picture of the kind of operations banks as a whole are undertaking.

### To Subsidize Farm Credit

It appears likely that this Congress will accelerate rather than cut down on the element of subsidy for Government-sponsored agricultural credit, although at this stage it is not possible to forecast the final legislation. Both House and Senate Committees on Agriculture have started to work on legislation sponsored variously by the Farm Credit Board and the Farmers Home Administration, but their work has

been delayed by the political scrap over the terms of the farm price support and soil bank bills.

### PCC Liquidation

One project calls for the liquidation of the Farm Credit Administration's production credit corporations, set up to capitalize and supervise the cooperative production credit associations.

Legislation to liquidate the PCCs would transfer their surplus to the Federal intermediate credit banks, and provide a contingent, almost



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"painless" method of turning back to the Treasury some of the Government capital originally invested in the FICBs. As a matter of fact, it was officially estimated it would take something short of 30 years to repay a part of this capital.

It is the hope of the Farm Credit Administration that, with this favorable arrangement proposed, eventually FICBs can lend to PCAs at a rate only 0.1% above the rate on FICB debentures, versus 0.4% recently. The FCA would use the surplus earned on Government capital in the PCCs to pay for the ex-

penses of supervising and examining PCAs, whereas commercial banks have to pay their own expenses of supervision.

The Eisenhower Administration objects to the provisions of the Farm Credit Board bill which (1) would increase the revolving fund for PCA capitalization to \$160,000,000 from \$130,000,000; (2) which would exempt the institutions from budgetary control; and (3) which would in the event of liquidation give the PCAs ownership of the FICB surplus.

Except for these three provisions, however, the Eisenhower Adminis-

tration has no objection to the bill and specifically approves of the idea of the subsidy involved. The Budget Director stated that "we have no objection to donating the present surplus and reserves of the production credit corporations and the Federal intermediate credit banks to the merged institutions as a Federal subsidy."

Although "generally in sympathy" with the proposed merger of the Production Credit Corporations into the Federal Intermediate Credit Banks now before Congress, the American Bankers Association recommended to the House Committee on Agriculture that the legislation should contain provision for rapid return of Government capital as well as return of surplus earned with Government funds.

R. N. Downie, president of the Fidelity State Bank, Garden City, Kan., and chairman of the A.B.A.'s Agricultural Credit Committee, presented the Association's position on H.R. 10285, H.R. 10286, and H.R. 10315, identical bills providing for the merger.

Noting that the proposals would "eliminate overlapping authority and some other undesirable features of the present Farm Credit Administration short term agencies," Mr. Downie asserted, however, that "the provisions for the return of Government capital contained in these bills are inadequate, and there is no provision whatsoever for return of surplus earned with Government funds.

"Our Association has long recognized the right of farmers and others to organize cooperative businesses, including credit institutions," Mr. Downie said. "At the same time, we have consistently maintained that it is not the function of Government to provide free capital or other subsidies to these cooperatives which are, after all, organized for the benefit of special groups. Accordingly, it has long been our view that when free Government capital has been provided for cooperative agencies, it should be returned in the shortest possible time.

"Under the terms of these bills, only the capital of the Production Credit Corporations transferred to the Federal Intermediate Credit Banks, amounting to \$31,500,000, would be returned to the Treasury in the form of miscellaneous receipts. The balance of \$60,000,000 would be paid into a revolving fund from

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which the Governor of the Farm Credit Administration at his discretion could supply additional Government capital through future subscriptions to Class A stock of the banks. We believe it is contrary to sound Government fiscal policy to earmark funds to supply Government capital at some future date."

Mr. Downie's testimony took note that the bills propose that "the income derived from the surplus transferred from the PCCs should be used to pay the expenses of the FICBs in providing supervision to the PCAs.

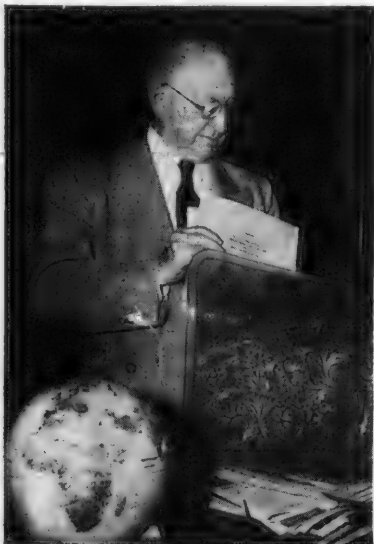
Mr. Downie also suggested that the legislation should require the Federal Intermediate Credit banks to pay as a first charge against their earnings an amount on their Government capital equal to the cost of the funds to the Treasury.

Finally, the A.B.A. recommended that the present reserve for contingencies of the FICBs be retained as part of the reserve account of the banks, in place of the bills' provision that a new surplus account be established by consolidating this reserve with the present surplus account of the banks and the surplus of the Production Credit Corporations.

#### Farmers Home Bills

Both committees also were considering legislation to broaden

Sen. Walter F. George of Georgia has determined not to run again for his seat in the Upper House, of which he has been a member since 1922. Now chairman of the Senate Foreign Relations Committee, he has accepted President Eisenhower's invitation to be his personal representative to NATO, with the rank of ambassador



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Farmers Home Administration "insured" farm loans to 100% of value, to permit them to be used for refinancing of private debt, including bank debt, and in other respects to loosen credit under this agency's operations.

## Loosen Mortgage Credit

It also appears likely that Congress will loosen considerably Government-sponsored housing mortgage credit. However, the final terms of housing legislation will probably not be known until the latter part of this month. The House Banking Committee had not planned to consider its version of housing legislation until about now.

A number of broad outlines of the final housing legislation, however, appear to take tentative shape at this stage, including the following:

(1) There probably will be special housing aids for elderly persons. These may take the form of a special public housing program or occupancy eligibility, and the provision of special types of FHA insurance for housing elderly persons.

(2) Conservative elements in Congress persuaded the Eisenhower Administration, as part of the Housing Act of 1954, to lessen the dependence of the Federal National Mortgage Association upon the Treasury and to cause that agency to rely increasingly over the years upon the private market for its funds. Congress will go some way this year, it is believed, to reverse this trend.

(3) Slum clearance, urban renewal, college housing, and other directly subsidized housing will probably get more money, and on perhaps easier terms in some cases.

(4) Congress will continue public housing, although at nowhere near the 135,000 maximum units per year the "liberals" are asking.

(5) The disposition is to boost maximum home improvement insurance to \$3,500 from \$2,500 and to lengthen the maximum term to five years from three years. There is also considerable sentiment for reducing to 4% from 5% the discount on the larger Title I loans.

## Construction Loans

Last year, as part of the Comptroller's bill to permit national banks to make 20-year fully amortized conventional loans, the Senate approved further provisions allowing



national banks to make 9-month construction loans on urban and farm housing, and 18-month construction loans on industrial and commercial properties. The latter provisions were knocked out in the House. There is a possibility they may be added to the final housing bill.

At writing there was a deadlock between Chairman Olin Teague (D., Tex.) of the House Veterans Committee and the housing industry and veterans' organizations on the question of extending beyond July 25, 1957, World War II veterans' entitlement to VA housing guarantees. Mr. Teague, who opposes the extension, thinks this problem should be merged with housing legislation for all classes of home buyers. Virtually all other organizations are for extension of the VA entitlement.

### Pensions, Miscellaneous

In a report on abuses of union welfare and pension funds, a Senate labor subcommittee proposed that there be enacted a Federal disclosure act. Furthermore, this act should be applicable to *all* private pension and welfare funds, corporate as well as those which involved labor unions only.

This report probably suggests the line of approach Congress will take on this subject another year, for there probably is not time for such a proposed pension disclosure act to be passed this year.

Such an act would affect banks directly to the extent that they would have to register with some Federal agency the existence of their own pension funds, and make annual reports and other disclosures of information about them to beneficiaries. Where banks were merely handling funds for other pension and welfare fund managers, they would have to assist in getting up the information.

The subcommittee did not conclude which agency should handle this operation, but was inclined to favor the SEC.

This proposal is much modified from an original bill drafted within the Administration, and introduced earlier in the session. The original bill would have given the broadest powers to the Department of Labor both as to what information should be furnished, and what information about pension and welfare funds could be disclosed to the public.

Because of preoccupation with

## HAVE YOU SEEN . . . . .

(1) A careful review of ideas as to how banks can adapt their farm lending policies to the changing economy of agriculture. Write to Gov. Charles N. Shepardson, Board of Governors, Federal Reserve System, Washington 25, D. C., and ask for a copy of Gov. Shepardson's speech before the Ninth Federal Reserve District Assembly, April 23.

\* \* \*

(2) The report which is probably the harbinger of an eventual act requiring registration, reporting, and disclosure of information about all private pension and welfare funds. Write to the Senate Committee on Labor and Public Welfare, Senate Office Bldg., Washington, D. C., and ask for the *Final Report on Welfare and Pension Plans Investigation*.

\* \* \*

(3) A handy compendium of information about how the new program for lease-purchase of Federal buildings works, and how banks or others may bid to finance their construction. Write to the Office of Public Information and Reports, Room 6121 General Services Administration Bldg., Washington 25, D. C., for a copy of *Sample Purchase Contract Documents, Public Buildings Purchase Contract Program*.

\* \* \*

(4) A review showing not only the statistics of home mortgage credit growth over the past 30 years, but showing also the activity over the period of the different classes of mortgage lenders. Write to the Chairman, Home Loan Bank Board, Washington 25, D. C., for a copy of the report entitled *Estimated Home Mortgage Debt and Financing Activity 1955*.

\* \* \*

(5) One of the first, unqualified statements on the need for a balanced Federal budget as an end worthy of itself. Write to the Information Service, Treasury Department, Washington 25, D. C., for a copy of remarks made by Secretary Humphrey before the House Post Office Committee on H.R. 9228, Tuesday, April 17, 1956.

other legislation, the Senate Civil Service Committee had not, at writing, had time to consider the bill raising pay of leading executives of the Government, including the bank supervisory officials, but hoped to do so soon.

The House Post Office and Civil Service Committee likewise was delayed in, but still intended to carry on with, its proposal to consider legislation to accelerate the liquidation of the Postal Savings System.

### Instalment Purchase of Federal Buildings

General Services Administration is now trying out the first attempt to finance the acquisition of Federal buildings on the instalment plan. It has asked for bids on a combination U. S. post office and court house at Rock Island, Ill., to cost \$2,000,000.

From the beginning of time until the present, Federal buildings of all kinds have been paid for when built, and out of appropriated funds.

Under the new system the Con-

gress set up at the request of the Eisenhower Administration, the Government designs the building to government specifications for exclusive tenancy by the Federal Government, and awards the contract for construction under competitive bids, the same as at present.

However, the financing is different. The Government seeks to obtain some one (who could also be the contractor-builder) to finance the structure. The person or corporation who finances it undertakes to "own" the building as title holder for a period of 25 years.

At the time the private source finances the building and becomes nominal owner, the Government enters into a lease for 25 years. The 25 yearly instalments are adjusted to pay the agreed rate of interest plus sufficient payments on principal to liquidate the purchase price in the period of 25 years. (Meantime the Government also pays a sum equivalent to local real estate taxes for the 25-year period). At the end of the 25 years the financing bank, in-

insurance company, or other source surrenders title which is acquired by the United States.

In this manner Congress is required in any one year to appropriate only one of the 25 annual instalments, instead of the entire cost of each Federal building as it is erected. This assists Congress and the Administration considerably in creating the appearance of holding down expenditures.

### Resembles Military Housing

In this function of dressing up the appearance of the budget, the

new lease-purchase program serves the same function as the new Military Housing Title of FHA, as drafted by Senator Homer Capehart (R., Ind.).

This first came into being originally as the Wherry Act in 1946, whereby FHA, under Title VIII, insured loans for construction of housing at military bases and atomic energy installations.

As enacted, however, Title VIII insures loans to 100% of the value of the housing. The Secretary of Defense undertakes to pay for the housing, although through the inter-

mediary of a Delaware corporation formed to suit the technicalities of FHA.

Thus Title VIII loans have a double guarantee, that of the Secretary of Defense as *de facto* borrower, and the FHA.

This housing is used for occupancy by military personnel on or near military bases. Hence its usefulness is just about completely governmental.

Housing at military bases also, like post offices and other Federal buildings, used to be paid for out of appropriated funds. With the new scheme the Government can get this housing without laying out its full cost upon completion. Under this arrangement, the military services merely deduct the quarters allowances of the military personnel and use this money to pay for "FHA-insured" and Defense Department-guaranteed housing in annual instalments.

The Eisenhower Administration this year asked that Title VIII be made permanent.

### Plan Consumer Credit Study

As officially announced, the plans of the Federal Reserve Board to study consumer credit indicate that the board will take the broadest look into this subject, mixing a great deal of first hand information about current practices with a careful evaluation of possible regulatory policy, including alternative legislative possibilities.

This study, ordered by Chairman Arthur Burns of the President's Council of Economic Advisors, at the direction of the President, will engage a number of semi-private research and canvassing organizations, university staffs, and finally the staff of the Board itself. The study is expected, the Board said, to be completed early next year.

### Subjects of Study

There will be a national survey of a representative sample of automobile purchasers, a nationwide survey of new and used car dealers to develop their financing practices, a compilation of reports on views of the consumer credit industry, a compilation and report of views of university specialists on what consumer credit data is needed, and finally a review by the Board's staff with the various alternative regulatory possibilities suggested.

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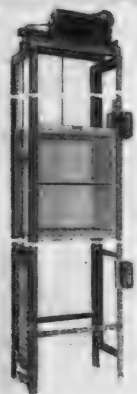
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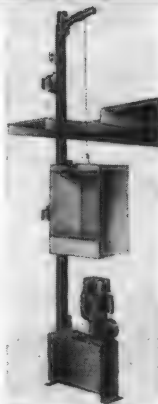
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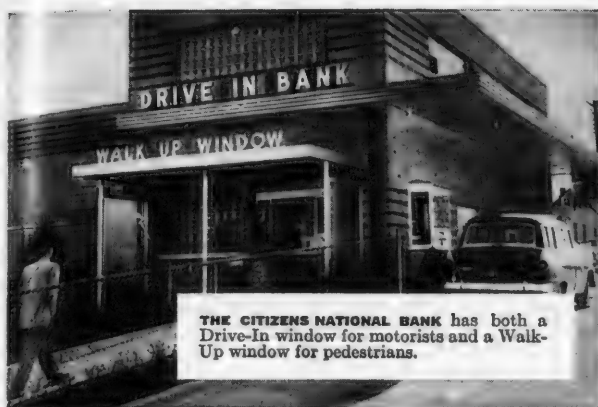
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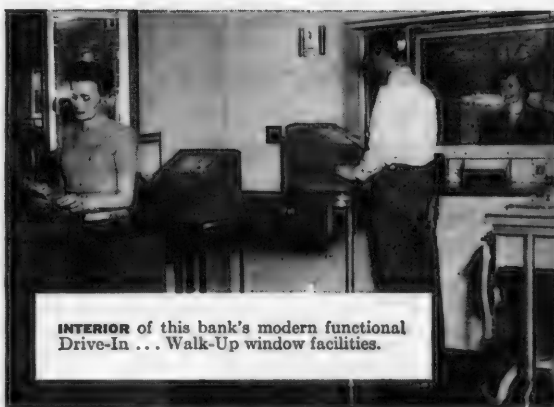
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Unit Plan. The results have been amazing.

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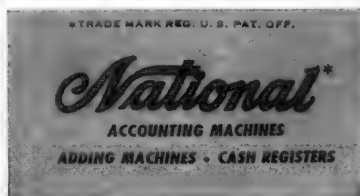
"We wanted to obtain maximum speed, efficiency, and audit control at a minimum cost," writes Everett W. Struckmann, auditor of this modern, progressive Missouri bank. "We replaced our dual posting system with a modern National

week, improving their morale and reducing costly overtime. In addition, we now have far better control over our operations, and errors have been practically eliminated. The savings in time and personnel will pay for the cost of our new system in less than three years.

"We now know that we are using the most modern and efficient accounting system available. We can recommend the National System as a fine investment for any bank."

This bank invested in a National System and soon obtained substantial savings. National Machines will do the

same for any bank. They soon pay for themselves out of the money they save, then continue returning the savings as extra profit. Why not investigate the many benefits a National System can provide for *your* bank? Call your nearby National representative today, and he will gladly show you. His number is listed in the yellow pages of your phone book.



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## WANT TO FINANCE MUSIC?

# Financing Music Merchants

The nation's music industry figures that about 15 cents of each \$100 of national income is spent on musical instruments, and quotes sales of \$325,000,000 for 1953. Most banks, aside from financing an occasional piano, have paid little attention to this field. Some instalment credit bankers have found it profitable. CHARLES E. HARMON, vice-president of Northwestern National Bank, Minneapolis, and member of the Instalment Credit Commission of the American Bankers Association, is one of these. Recently he addressed a meeting of the National Association of Music Merchants and outlined how bank financing of their industry works. For the benefit of interested bankers, much of what he told the Music Merchants is presented here.

THE purpose of this discussion is to attempt to outline how the bank can offer facilities that can be put to work financing your business. I am anxious to show how bank services can be put to work serving you.

To show the trend in financing—in 1929 there were only 200 banks with separate instalment credit departments. At that time there were 25,000 banks in the country. Today there are only 15,000 banks in the United States, yet some 12,000 of them have instalment banking outstandings. These are the people who can help the music merchant.

How many of you who are distributors know that you have bank finance plans available whereby you can distribute any designatable musical item by the following streamlined procedure?

(1) Collect the downpayment, plus financing charges for 90 days from the dealer. (2) Strike an impression, with an especially made rubber stamp, on the reverse side of your regular invoice, thus making it a conditional sale contract. (3) Have it signed. (4) Hand it to your banker. He will hand you the difference between the downpayment you receive and the balance of the dealer's cost. (The usual rate for this floor-plan financing is 6% per annum simple interest.)

As dealers, many of you will be interested in knowing some of the everyday banking practices which may be converted to your own use—just as they are already helping

other industries. I will therefore review them briefly, in nontechnical language:

(1) *Instruments sold on rental contracts.* These rental contracts assigned to your bank serve as collateral to your note, and represent a means of obtaining working capital for your business. If you are presently carrying rental contracts yourself, you may be tying up working capital. This may present a severe business problem to you. (Ordinarily the bank will advance 50% of the amounts represented by rental contracts.)

(2) *Financing accounts receivable.* This is not well understood. Every music merchant probably has open, unsecured book accounts. These can be assigned to the bank on special blanks which the bank has for that use. (The bank will usually advance 75% of the amount of the accounts.) As the collections are received by the music merchant, they are deposited in a special collateral account in the bank. These funds are disbursed periodically and credited to the music merchant's note. In this way the obligation is self-retiring, and when that is completed the balance of the accounts belongs again to the dealer.

(3) *Conditional sales contracts.* Using this procedure only the following steps are involved: (a) Dealer sells instrument on a time basis, obtaining a customary statement of purchaser from buyer on form supplied free of charge by the bank. (b) Dealer phones or gives



*A "how to" piece which was intended for musical instrument dealers—but which is also a manual for instalment credit bankers who might be interested in another field of financing*

this form information to the bank. (c) Bank investigates the credit risk of the buyer and notifies the dealer. The investigation is at the expense of the bank. (d) Dealer prepares the conditional sale contract, has buyer execute it, and delivers the musical instrument. (e) Dealer turns contract over to the bank and receives the proceeds. (The customary rate for this financing is \$6 per \$100 per annum.)

(4) *Floor-plan financing.* There may be other conditions under which dealers are operating where they need to finance the merchandise in their stock rather than have it on hand, all paid for, but tying up valuable working capital. (a) Such financing is ordinarily done on a chattel mortgage, trust receipt, or factor's lien agreement. Trust receipt and factor's lien financing require filing only once a year, and in that respect are a great convenience.

(The rate is usually 6% simple interest, plus insurance.)

Terms usually run for 90 days with privilege of renewal for curtailment of 10% if merchandise is on hand, unsold, and in good condition at the end of each 90-day maturity. Such financing is extended only to dealers whose integrity is unquestioned, because the lending institution knows of difficulties that may be encountered if the merchandise is sold to an innocent purchaser but without payment having been made on the floor plan.

(1) Keep your banker informed about your business, its problems, and its triumphs. (2) Be sure the bank has a financial statement with profit and loss figures at least twice a year if possible. (3) Your banker will first observe your profit or loss experience. Next he will subtract your current liabilities from your current assets. The difference is

your working capital, and every successful business has it. (4) If your current assets are less than your current liabilities, your working capital is in the red—you are having difficulty. (Should this happen to you, go and talk to your banker. Talk to him truthfully, trustfully, and openly. The chances are good that he can help in one way or another. Old-fashioned advice from a banker has saved many a business.) (5) If you are receiving help from your bank, be sure to discuss any expansion plans with your banker before you get into them. To enter an expansion program and talk it over at a later date when you are in trouble, is indeed poor strategy.

Experience is always valuable. Your banker may not be able to play even a mouth organ, but he can be a financial Gibraltar when you need him—if you'll only keep him informed about yourself, your business.



*How many of the 57 profit loopholes are losing you money?*

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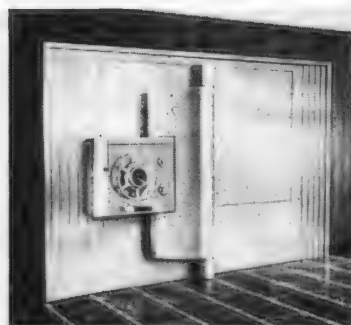
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You've seen other leading banks throughout the nation choose it almost instinctively. You've seen how their architects have found it completely adaptable to individual ideas and any variety of dis-

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## New Insurance Plan for Bank Employees

A NEW group life insurance plan for bank employees throughout the nation has been organized by six New York City banks. It will be underwritten by the Prudential Insurance Company of America.

Drawn up by Marsh & McLennan, Inc., the plan becomes effective July 1. It will furnish small and medium sized banks group life insurance protection up to a maximum of \$15,000. No medical examinations will be required; and benefits will be available to the insured employee's family in the event of death or injury.

Sponsors are Bankers Trust Company, Chemical Corn Exchange Bank, The First National City Bank of New York, Guaranty Trust Company of New York, The Hanover Bank and Irving Trust Company. The group is inviting many of the larger banks throughout the country to serve as cosponsors. The United States Trust Company of New York, New York, has been appointed trustee.

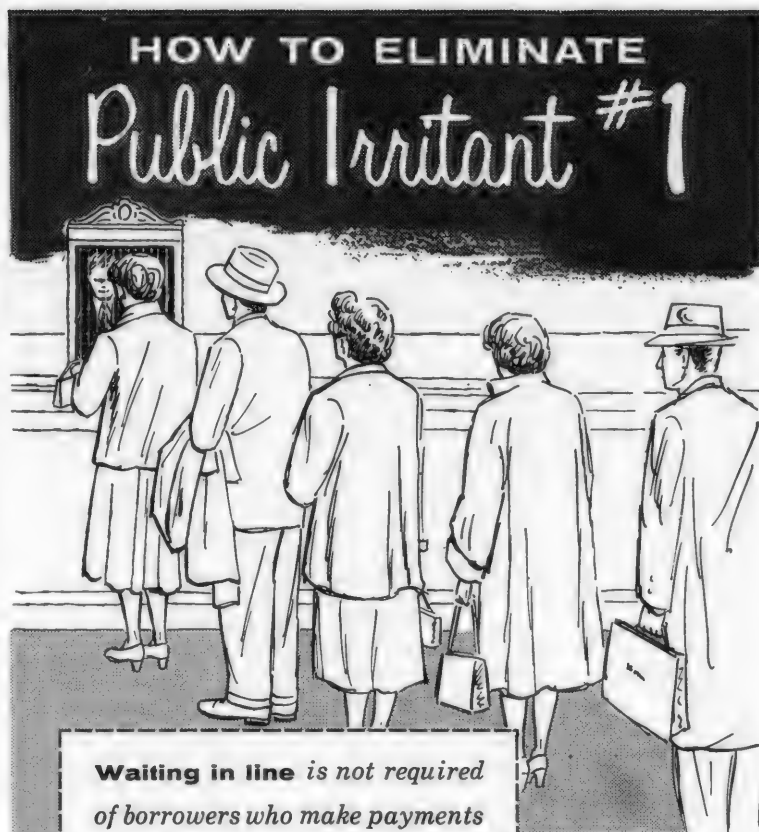
A joint announcement emphasized that the plan is on a noncompetitive basis and that participating banks will not be required to maintain correspondent relationships. The plan will supplement, not compete with, existing group insurance plans sponsored by some state banking associations.

## More ERMA's

BANK OF AMERICA and General Electric Company have an agreement for the manufacture of ERMA electronic bookkeeping computers for the bank's long-range computer program, the bank's president, S. Clark Beise, has announced.

"Initial delivery of ERMA components is scheduled for next year," Mr. Beise said. Each installation will perform the daily bookkeeping tasks for 55,000 commercial checking accounts.

The contract is the largest civilian order for industrial computers. The cost of each ERMA (electronic recording machine - accounting) was not disclosed, nor was the total figure for the entire project.

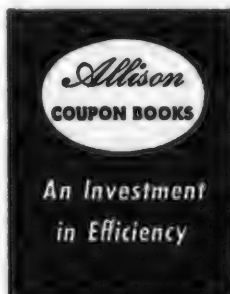


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# New Manual on Safe Deposit Procedure

**T**HE Bank Management Commission of the American Bankers Association has published a new manual, "Safe Deposit Procedure." It was announced by William W. Cottle, chairman of the Commission, and vice-president and cashier, Security-First National Bank of Los Angeles.

"Proper operation of the safe deposit department is important to both the large and the small bank," Mr. Cottle says in a foreword. "It may be even more important to a smaller bank than to a large bank because a sizable loss might be easily absorbed by a large bank but might prove disastrous to a small bank." He points out that in a safe deposit department there is no means of determining the amount of a bank's liabilities under a proper safe deposit procedure.

The manual was prepared by a committee which included E. A. Cook, vice-president, Pacific National Bank, Seattle; Charles C. Bridgers, vice-president and cashier, The Bank of Asheville, N. C.; and Harry C. Schaefer, vice-president, National Bank of Detroit.

## Sample Forms

The study of safe deposit operations and procedure contains a section with samples of simple forms which may be adapted on advice of a bank's counsel, to meet requirements of state laws and regulations.

The subject matter is divided into nine sections, broken down into detailed descriptions covering such things as personnel; equipment and representations; contracts, powers of attorney, and court orders; storage; control of keys; box rental and surrender procedure; access procedure; and insurance and audit.

From the standpoint of bank management, the service aspects of the safe deposit function are overshadowed by the responsibility and liability involved in providing such service, the manual says.

"In considering the proper operation of the safe deposit department, management should remember that the courts have held that ordinary care must be exercised and that ordinary care may vary with time,

place, circumstances, the nature and value of the property, etc. Ordinary care has been broadly defined as that degree of care which a reasonable and prudent man would exercise under similar circumstances. It has also been held that ordinary care is that degree of care which a reasonably prudent and careful man would use in protecting his own property. It has been said that in order to meet the test of ordinary care the bank must supply reasonable protection from burglars without and from thieves within, and must employ attendants who are fit, both in ability and in integrity.

## Other Requirements

"Some other requirements that have been advanced are that the protection provided must be equal to the protection given to the lessor's own property; that the equipment should be equal to that provided by comparable banks; and that the procedures must be of a high standard and in line with the customs and usages of the business. It is obvious that a bank cannot always rely upon its own interpretations of ordinary care.

"In cases which involve a claim for property missing from a lessee's box, the court will inquire into the degree of care exercised in the safe deposit operation. The failure to use that degree of care which the law requires may result in liability on the part of the bank.

"There are many ways in which a bank may be negligent in carrying out its responsibility in safe deposit operation. These include the selection, training, and supervision of personnel; the proper choice and use of equipment; the handling and custody of keys; and standards of operating procedures.

"Negligence usually arises from inadequate equipment; inexperience, indifference, lack of integrity of employees; or failure of management to provide proper procedures and supervision.

"Management should provide sound, definite operating procedures which are practicable for the size of the bank and adequate to assure reasonable protection."

"In the event of a lawsuit, a bank's standard of operation will in all probability be compared to that of comparable banks in similar communities and to the practice of the business in general. Therefore, it is the responsibility of management to keep well informed on the standards and procedures of other banks and on recent court decisions and changes in the statutes. It is not enough simply to establish sound procedures. These procedures should be reviewed from time to time to determine whether they are adequate, and changes should be made if necessary. . . .

"If the bank is located in an area where state or city safe deposit association meetings are held, such meetings offer an excellent opportunity to gain information. Much helpful literature is published by some safe deposit associations.

"Another source of considerable information and help in building up a knowledge of the implications of safe deposit business and a clearer understanding of some of the legal questions involved is the chapter on 'Safe Deposit and Safekeeping' in *Paton's Digest of Legal Opinions*, published by the A.B.A.

"The management should encourage the employees to broaden their knowledge by reading helpful literature and by attending safe deposit meetings. . . ."

## Specialists Reviewed Manual

The manual was reviewed by the membership of the Bank Management Commission and by specialists in safe deposit procedure, including E. D. Baughman, secretary and manager, National Safe Deposit Company, Chicago, and immediate past president of The American Safe Deposit Association; Gustav S. Fischer, president, New York State Safe Deposit Association, and assistant treasurer, The Hanover Bank, New York City; Roswell D. Regan, vice-president and general manager, The National City Safe Deposit Company, New York City; and Edward J. Schaurer, first vice-president, New York State Safe Deposit Association, and assistant secretary, Dollar Savings Bank of the City of New York.





## What is Jersey Standard?

**PEOPLE.** The more than 300,000 people who own it—merchants . . . teachers . . . farmers . . . bus drivers . . . housewives . . . people who've invested their savings in our growth. They have just received the Annual Report on the 73rd year of our company's business.

*What makes Jersey Standard run?*

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*What keeps Jersey Standard and its affiliates in business?* All kinds of people — stockholders, employees and customers.

Because of all these people, we had a good year in '55. A year of searching for and finding more oil to provide light and heat, to run cars and trucks, trains and planes, buses and tractors, to make petrochemicals. A year of even greater research leading to more and better products. A year—as our Annual

Report shows — of better sales and earnings, of record payments in wages and benefits to employees, of record income generated for governments in the form of taxes — a year, in short, of bigger contributions to the prosperity of the people of the countries where we do business.

If you would like a copy of our 1955 Annual Report to Stockholders, please write to us at: Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

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PUBLISHED CONTINUOUSLY SINCE 1872



## Savings Bankers Discuss Thrift

(CONTINUED FROM PAGE 45)

president of that bank, is a vice-president of the Institute.

The International Thrift Institute serves as a federation of savings bank associations all over the world. At present it has member associations (or individual banks where there are not savings bank associations) in 34 countries.

### Information Exchange

This Institute is primarily dedicated to the exchange of information about common problems among thrift institutions all over the world, according to M. H. Verrijn Stuart, managing director of the Institute, whose headquarters are in Amsterdam, The Netherlands.

Mr. Stuart explained that the Institute conducts summer schools, usually at banks, for officers of savings banks, and arranges meetings of experts to study various problems. The organization also publishes every other month the magazine, *World Thrift*, which is printed in English, German, and French.

One of the stand-by responsibilities of members of the Institute is constantly to impress their government officials and all others with the importance of measures which will help to maintain the stability of the value of money.

### Consultative Status

The Institute has an official consultative status with the United Nations Economic and Social Council. In this capacity the organization is seeking UN backing in establishing thrift institutions in underdeveloped countries, Mr. Stuart said.

The mutuals, in a resolution at the conclusion of their convention, supported the continuance of the Voluntary Home Mortgage Credit Program as an alternative to direct Government mortgage lending.

Other resolutions commended the Federal Reserve and the Treasury for promoting stability in the value of money, and both the President and Congress for the prospective balanced budget. The association favored use of the Treasury surplus for debt reduction and endorsed the Treasury Savings Bond program.

# He weighs portfolios



Gordon Smyth is an investment specialist with The Philadelphia National. Much of his work involves investments which our correspondents hold in their portfolios and have asked us to analyze.

That's a big job—and, to Gordon Smyth, a fascinating one. Has been ever since he graduated, Phi Beta Kappa, from the University of Pennsylvania and embarked on his analytical career.

Today Gordon Smyth and his fellow PNB investment specialists make up an unusual department, applying "big city" resources and facilities to the specialized investment problems of the country banker. No "formula men," Gordon Smyth and his colleagues know that the only sound analysis is *individual* analysis, closely related to a corre-

spondent bank's location, area characteristics, primary business, capital structure and many other factors.

Their recommendations have paid important dividends to PNB correspondents, in terms of better balanced portfolios. They are another of the "plus values" of PNB correspondent service.

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123 South Broad Street

## Farm Credit Situation

(CONTINUED FROM PAGE 73)

### Credit Problems Do Exist

Although bankers believe the over-all farm credit situation to be sound, problems are being recognized and dealt with on an individual basis: an increasing number of nonreal estate loans were "unexpectedly renewed" during the last year (see Table 2); the cost-price squeeze has placed farm customers, particularly in the West and Midwest, under such financial strain that some bankers believe there are farmers who will find it difficult to adjust operations and still remain in business; the drought has contributed to difficult credit situations in the South and Midwest; low equities, because of reduced asset values or high debts, are "pinching" some young farmers in the Northeast and Midwest; and reduced acreages of high-income cash crops are being frequently associated with farm credit problems in the South.

### Cautious Optimism Prevails

Most bankers are working in the current lending season on a basis of long-run confidence, yet apprehension where appropriate. There is pressure for more credit; some repayments are slow; and equities, in some cases, have caused concern.

But, midst it all, foreclosures have been of no more than moderate concern to bankers or other lenders, and the over-all financial condition of farmers is strong. Nationally, farmers' equities are about 90% of assets compared with 80% in the early 1920s. And farmers' debts nationally are more than covered by their \$22-billion worth of financial assets.

So it is that, like King Sisyphus, who was forever rolling a stone up a hill only to have it roll back down for him to roll up again, the bankers of this nation face new credit problems each year, nearly solve them only to find that next year there are new problems calling for solution. Nineteen fifty-six is no exception.

*It must be pretty difficult for a traffic policeman to stay mad all the time.*

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A short meeting with a Cunneen representative, either in your office or ours, is a good way to approach your modernization project. We invite you to consult us without obligation.



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A regular quarterly dividend of ninety cents (90¢) per share on the Capital Stock of the Company has been declared this day, payable on June 9, 1956, to stockholders of record at the close of business on May 4, 1956.

The dividend will not be paid on the additional shares to be issued because of the stock split, authorized this date.

The stock transfer books will remain open.

S. T. CROSSLAND  
Vice President & Treasurer

April 24, 1956

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## Operating Procedures

(CONTINUED FROM PAGE 49)

"Much will be forthcoming within the next few months covering these new machines. They represent the greatest steps toward full mechanization that we have seen since the original development of the adding machine and the first punched card equipment many years ago. . . . The next 12 months should reveal tremendous progress toward the Utopia of full mechanization in our bookkeeping operations."

### What's Ahead in Deposit Accounting

THE time is rapidly approaching when banks can introduce automation into deposit accounting, B. W. Taunton, assistant manager, control division, The First National Bank of Boston, informed his NABAC audience.

"It is now quite evident that equipment for reading, sorting, and processing checks will be available within the next two years," he asserted. "Very likely you will be called upon to make a decision and to place orders for such equipment this year, if you wish to install it by the end of 1958."

Mr. Taunton sketched the types of electronic data processing equipment needed for check processing. Here's a condensation of his preview:

#### Encoding Device

The first piece of machinery banks will require—not yet commercially available but being worked on by several manufacturers—will be a device for encoding the amount, date, and transaction code on the check in the first proof operation. This machine can take the form of a simple adding machine with an attachment permitting the automatic feeding and positioning of the checks. Incoming clearing items could be passed directly to an operator where they could be listed, or added, for proof purposes, and encoded simultaneously.

Eventually, if checks are encoded in a common fashion, this machine may eliminate the conventional proof machine operation, since the transit numbers or routing symbols can be mechanically read and used as a basis for high-speed sorting.



"I'd fire Fenwick except that he's such a good influence on the others. Never complains about his work"

#### Sorter

A second machine—also being developed by several manufacturers—is a sorter capable of reading the account numbers on the checks, and sorting them into order for posting and filing. To this device should be attached a mechanism for adding and accumulating totals, although a separate device for reading amounts, listing them, and accumulating totals may be more desirable. Checks encoded with the amount may be passed through this device, block by block, and listed to prove the accuracy of the coding and of each block.

#### Reader

The third type of machine (also not yet commercially available) is a reader capable of reading the account number and amount of the check into the bookkeeping equipment, where the actual posting to the customer's account will occur. A reader, in the nature of a check-to-magnetic-tape converter, to read the account number and amount of the check, write the data on a magnetic tape, would be preferable.

#### Central Computer

The most expensive part of any electronic data processing system is the central computer. If a transaction tape could be created, it would seem that the processing time for the bookkeeping could be substantially reduced. Information may be transferred from the checks to the tapes at the slower speed with which the paper may be handled, probably about 500 checks per minute. Subsequently, the data may be trans-

ferred to the computer for processing from the tapes at approximately 15,000 characters per second.

To complete the bookkeeping operation, a wide variety of computing and printing equipment is available. Serious thought should be given to a general purpose computer, as distinguished from equipment that can be used solely in the deposit accounting procedure. Visualize a central data processing center where much of the accounting required in many bank operating procedures can be processed.

Investigations have indicated that if banks can transfer data from the checks to some high-speed input medium such as a magnetic transactions tape, probably all posting, including the calculation of service charges, etc., for 100,000 depositors' accounts could be done in less than 2½ or 3 hours on a larger system, leaving the main computer unit available for other applications.

#### Tomorrow's System

In the system discussed, the checks, once in order and read, can be filed manually and checked for signatures, dates, stop-payments, etc. The depositors' ledger records may be maintained on magnetic tapes, drums, or discs. Holds, over-drafts, etc., could be printed out during the processing as exceptions, for follow-up. Such a system will probably call for cycling of statements.

"Unlike other changes in internal processing procedures, the introduction of either semi-automatic or more fully automatic methods for check handling is going to affect adversely the competitive position of banks which have failed to keep abreast of developments," Mr. Taunton said.

#### The Easier Way

AN informal panel on techniques, gimmicks and forms, presented by NABAC's Chicago headquarters technical staff, discussed ideas that contribute to better bank operations.

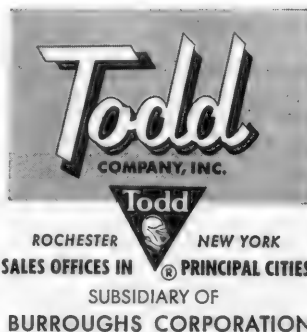
One of them was "brainstorming." Ever try this technique for bringing positive creative thinking to bear upon management problems? As explained by Assistant Secretary Robert H. Bukowski, "brainstorming" develops at a meeting of staff people—all at the same level of management—who offer ideas on the solu-

What  
can a banker  
believe  
about  
automation?

These, we think, are some of the facts that a forward-looking banker can "pin to" at this time, for his bank's profit and protection:

- 1 Automation will not come all at once, on any now predictable date. It is a step-by-step process.
- 2 The importance of the document itself, and the methods of encoding, are vital considerations. Paper—its processing before you receive it—will be a large part of the story. Ink may prove to be one of the most decisive factors.
- 3 The business relationships you form or strengthen should be with companies whose loyalty and friendship you believe will be most valuable to your bank later. Character, experience, technological skill, confidence in *people* are among the factors that count.
- 4 The steps you take now should be steps that you will not have to retrace in a costly way later.

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tion of this or that problem. The only general rule is that every suggestion must be positive: the "it-won't-work" attitude is banned. Ideas are recorded by a secretary, and later reviewed by management. Many, of course, are discarded, but the freshness of the approach usually brings out some that have merit.

The panel's discussion of operating procedures was keyed to the theme: "Do it the easy way—do it once." Harry Mertz, assistant executive secretary of NABAC; Assistant Secretary Charles Coen, and John Thode of the technical division presented a wide variety of items. Here are a few:

Advantages of horizontal deposit tickets over the vertical type were pointed out, with special reference to their use in delayed posting systems as well as reduction of bookkeepers' fatigue and eyestrain.

A simplified personnel evaluation form for small and medium sized banks can be used for merit rating where there is no complete job evaluation program. The form serves a dual purpose, since it evaluates the employee's performance against the objective requirements of the job.

Amalgamated Bank of New York has a no-check file ledger system, as well as a combined ledger form which includes as one sheet the savings, instalment loan and checking accounts of each customer.

### School Savings Plan

The Bowling Green (Ohio) Banking Company has an unusual school savings plan that eliminates tedious handling and accounting operations. A 25-cent machine in the classrooms

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An error chart permits the supervisor or personnel director to note the progress of bookkeepers or trainees, and the types of mistakes made.

### Is Your Cost Accounting Up to Date?

THE importance of timeliness in cost accounting was stressed in a NABAC talk by Stanley R. Klion, consultant in the management controls department of Peat, Marwick, Mitchell & Co., New York CPAs.

Discussing the need for more bank cost analysis as a tool for management Mr. Klion said management should have the tool soon enough for it to be of value: "Detailed cost analyses of conditions three months past may have historical value, but in terms of enabling management to take corrective action, they are almost useless.

"Also, economy and workability must be an integral part of any system. Quite frequently, cost studies instituted to provide a basis for corrective action but produced too late to be effective, can be traced to systems that are just too cumbersome and complicated to operate.

"The facts, judgments and samplings that go into the development of a cost accounting system should be reviewed sufficiently often to be sure that the conclusions which were valid when the facts were gathered are still valid. Thus the basis for allocating departmental and functional expense should be reviewed annually; activity counts should be retaken at least as frequently; basic data rechecked and policy decisions reviewed at regular intervals to be sure that the program is as accurate as it reasonably can be expected to be."

Mr. Klion said there were sound arguments for abandoning a cost accounting system predicated on old and inaccurate information.

"In short, if completely reviewing the system annually creates too great a work load, you are either understaffed or your system is too complicated."



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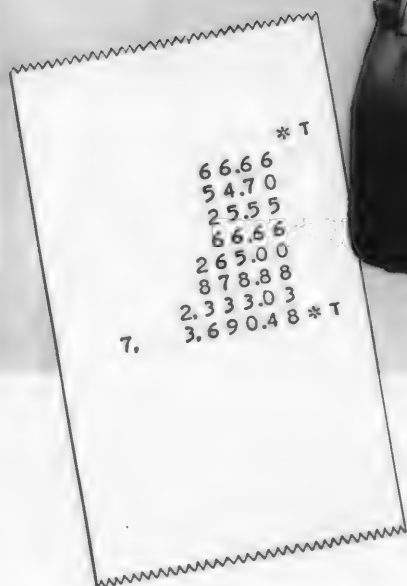
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## Bank Holds Atomic Forum

**M**ORE than 400 businessmen, scientists, and bankers from throughout the Southeast recently attended a forum on prospects for atomic energy in the South spearheaded by the First National Bank of Atlanta.

The forum met for two days in an Atlanta hotel. On the evening of the second day a special train took some 200 to Oak Ridge, Tennessee, where the third day was spent touring atomic installations.

The forum was the result of more than a year's planning by First National Chairman James D. Robinson, Jr., President Edward D. Smith and George Goodwin, vice-president in charge of advertising, public relations, and business planning. Joining with the bank as sponsors were the Atomic Industrial Forum of New York; the Southern Research Institute, Birmingham, Alabama; the Southern Association of Science and Industry, Atlanta; the Oak Ridge Institute of Nuclear Studies, and the Oak Ridge National Laboratory.

The Atomic Industrial Forum, an organization composed of all the American companies currently in the atomic field, had previously organized similar forums in New England and in California. Bank officials convinced them that the South, just entering into its new industrial era, was ripe for a look at the prospects for atomic power and at the uses for atomic by-products.

The program was designed to appeal to businessmen and others gen-

erally unfamiliar with the progress made in the atomic field since it was opened to private industry in 1954.

The list of speakers was headed by Charles F. Kettering, formerly

head of General Motors research; General Leslie R. Groves, vice-president of Sperry Rand Corporation, who headed the Manhattan Project of World War II; Governor Leroy Collins of Florida; Walker Cisler, president of the Detroit Edison Company and of the Atomic Industrial Forum, and some 20 others in the atomic field.

Chairman Robinson



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## Prosperity Tied to Savings Boost

CAROL M. SHANKS, president of the Prudential Insurance Company of America, spoke on "The Cost of Continued Prosperity" at a conference of the New York State Society of Real Estate Appraisers in New York City. Excerpts from his address are presented below:

**T**HERE is every evidence that prosperity will continue in the year ahead, although, since much of the slack in the economy has been taken up, we cannot expect gains like those of the past year and a half. The maximum advance in real output over the coming year will probably be around 3%. Allowing for adjustment in some industries, the actual advance is more likely to be around 2%—but this is certainly not discouraging news.

To keep our economy moving forward will require a tremendous investment—vastly larger than any nation has ever provided. It can come only from increased savings—and to get these savings will require skillful management of the economy.

### \$70-billion by 1965

By 1965, the total annual demand for net new debt and equity funds will probably be about \$70-billion. The total demand for net new funds in 1955 was \$44-billion. That means more than a 50% increase in 10 years, which is a very big order.

These future demands represent far more money than can come from savings if the public continues to save at the rate which has become more or less established in recent years. People would have to save at twice the rate of saving in 1955. Without enough savings, the money would have to be created—it would have to come from commercial banks or from the Government—and devastating inflation could result if the deficiency is large enough. The growth of our economy year after year requires a moderate creation of money through the banking system.

During the past 10 years there has been only one year in which savings have been sufficient to meet the total demands for debt and equity funds. We have lacked as much as \$10-billion in several of the years. Ten billion is at least twice as much as is safe. Yet, if

our rate of savings doesn't increase, the deficit in a few years can and will be much more than \$10-billion.

The estimated \$70-billion annual need for funds by 1965 is not on the high side. If anything, it is conservative. If the goal of 2,000,000 new homes a year is reached by 1965, we will need an added \$20-billion a year for this purpose alone.

There is another, less obvious pressure which will tend to strain our supply of savings. This is the pressure on our diminishing natural resources.

It is a matter of record that we are draining our supply of many natural resources, and some fear that their eventual extinction will create incredible difficulties. . . .

A prime source of outside investment funds in the country today is the insurance industry. During 1955 life insurance companies added more than \$6-billion to their investment holdings. . . . This insurance company contribution was about 14% of the new money requirements last year—but it would meet only about 8% of 1965 requirements.

Pension funds have increased to the point where they are running second to the insurance companies, and their greatest acceleration lies ahead. The mutual funds are growing, and these will provide an increasing amount of money. Savings banks, and savings and loan associations are increasing their contributions to the pool of investment capital.

What can be done about this situation? I don't know a complete answer, but I think I know some directions in which to look.

(1) Something should be done about personal income taxes. . . .

(2) People must be inspired to save more. This can be helped by developing new ways for them to save—ways that will attract new people to saving, and attract additional savings from the already established savers. . . .

(3) Private interest groups should not clamor for easier credit than is reasonable or necessary, since too-easy credit can only end in inflation.

(4) The Government must maintain a well balanced attitude toward monetary and credit restraints. . . .

(END)



Wherever people work  
standing . . .

*they're happier  
less fatigued  
more efficient*

when they are  
standing on

**HYGIENIC**

*Foot Comfort*  
**MATS & RUNNERS**

• 8 MARBLEIZED COLORS  
• BEVELED EDGES  
FOR SAFETY

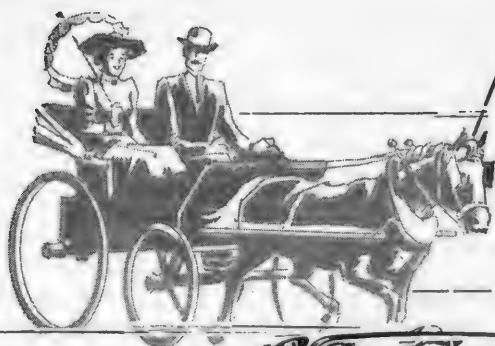
**HERE'S WHY . . .**

SPONGE RUBBER BASE  
BONDED TO RUBBER  
TILE FLOORING FOR  
JUST THE RIGHT  
"GIVE"

See your BANK OUTFITTER or OFFICE  
SUPPLY DEALER or write: FLOORING  
DIV., DEPT. C for prices and literature

THE HYGIENIC DENTAL MFG. CO.  
AKRON 8, OHIO, U.S.A.





in Field Warehousing  
**LAWRENCE**  
 SETS THE PACE



## ***Integrity . . . Security . . . Facility***

LAWRENCE, the oldest and largest nationwide field warehouse Company:

- has issued its receipts covering more than 10 billion dollars worth of goods and products.
- has served more than 10,000 American businesses through its 35 offices which today operate 2,500 field warehouses.
- provides the most comprehensive bond coverage available.
- offers the exclusive Lawrence-IBM loan officers' collateral reports.

That's why, for field warehousing, Lawrence Warehouse Company has set the pace for over 40 years. And that's why loan officers everywhere can specify LAWRENCE—and be sure!

LAWRENCE ON WAREHOUSE RECEIPTS



... IS LIKE CERTIFIED ON CHECKS

# **LAWRENCE WAREHOUSE COMPANY**

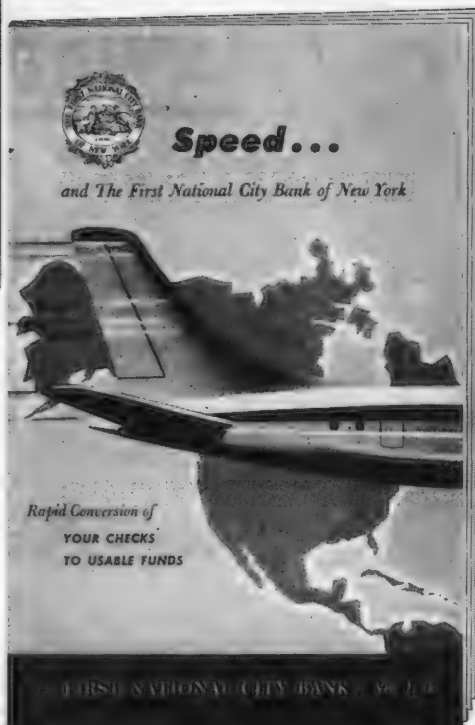
**NATIONWIDE FIELD WAREHOUSING**

37 Drumm Street, San Francisco, California  
 100 N. La Salle Street, Chicago 2, Ill. • 79 Wall Street, New York 5, N. Y.

OFFICES IN PRINCIPAL CITIES

# SPEED...

in  
converting  
your  
checks  
to usable  
funds



If you're interested in collecting checks with utmost speed, you'll want a copy of this new booklet.

It describes and illustrates the methods and systems that First National City has set up to help its correspondents throughout the country...

- Gain substantial amounts in available funds
- Assure faster presentation of items
- Reduce credit exposure

Our correspondents benefit from a system that provides for direct sendings the same evening of deposit. This means the quickest availability of funds and the earliest possible presentation with resultant prompt return of unpaid items. Our round-the-clock, seven-day-a-week transit service can work to your advantage.

The "Speed" booklet is yours for the asking. After you've read it, we'd welcome the opportunity to review your collection procedures and outline in detail just how the facilities the booklet describes can be of service in your own particular case.

**The FIRST  
NATIONAL CITY BANK**  
*of New York*

**Head Office: 55 Wall Street, New York**

66 Overseas Branches, Offices, and Affiliates • 74 Offices in Greater New York

*Around-the-clock Transit Service • Collections • Credit Information  
Bond Portfolio Analysis • Complete Securities Handling Facilities  
Dealers in State and Municipal Bonds • Participation in Local Loans  
Personalized Service • World-Wide Banking Facilities  
Complete Metropolitan New York Offices Coverage*

**First in World Wide Banking**

Member Federal Deposit Insurance Corporation

## Mortgage Credit

(CONTINUED FROM PAGE 104)

### FHA, VA Fiduciary Corp.

A FIDUCIARY CORPORATION to buy Federal Housing Administration insured loans and Veterans Administration guaranteed loans and to sell its own obligations against them to pension funds, endowments, and other investors was suggested by John M. Meyer, Jr., senior vice-president, J. P. Morgan & Co., Inc., New York, in an address before the eastern conference of the Mortgage Bankers Association of America.

There would seem to be no reason why such a corporation with full-time management of competent and experienced men of integrity would not be able to resolve the difficulties which so far have closed the market for mortgages to these investors, Mr. Meyer said.

He stated that the amount of money presently accumulated in pension funds of corporations is estimated at \$25-billion and that the increase is now running at about the rate of \$3-billion a year. He stated that "the SEC reported that at the end of 1954 the trustee funds studied by them were invested on the average as follows: 54% corporate bonds; 18% U. S. Government Bonds; 18% common stocks; 4% preferred stock; 2% cash."

Mr. Meyer also referred to the investment account of various other funds primarily philanthropic in nature as holding good potential mortgage investment opportunities. "A report as of June 30, 1955, on college and university endowment funds covering 38 such funds indicated assets valued at \$2.1-billion. Their holdings were divided as follows: Cash and bonds, 31%; preferred stocks, 6%; common stocks, 56%; real estate and mortgages, 5%; and miscellaneous, 2%."

### Mobile Home Financing

MOBILE home paper outstanding in 1955 was estimated at \$650,000,000, according to the Mobile Homes Manufacturers Association.

The estimate is contained in the fifth annual "Report on Consumer Financing of Mobile Homes" and based on the replies of 276 banks and finance institutions, representing \$249,866,655 of the total paper

BANKING

outstanding. The replies reflect experience covering 107,182 contracts with an average balance of \$2,333 per contract.

"Sales of \$435,000,000 in 1955, representing a 34% increase over 1954, indicate expanding opportunities for both new and old lenders interested in this field of consumer credit," said Managing Director Edward L. Wilson.

Comparing mobile home with auto paper, 95% of 316 bankers replying considered it "equal to" or "better than" auto paper. Sixty-two percent of the bankers consider it "excellent"; 36%, "good or satisfactory." Ninety-seven percent reported "no losses" in handling mobile home loans.

At the present time 1,518 banks handle mobile home paper direct with purchasers, Mr. Wilson said. Lending institutions which handle mobile home paper through dealers include 948 banks and about 100 finance companies.

## Home Improvements Soar

**M**AKING one or more home improvements within the next 12 months is being seriously considered by individuals in 14,700,000 households in the United States, according to a new, national survey on which these figures are based.

The new research study, titled "Survey of U. S. Markets, 1956," was sponsored by *Look* magazine.

The *Look* survey shows that 28.5% of U. S. consumers say they believe that the financial status in their household is better now than it was a year ago; and an even higher percentage—34.5%—report that they expect the financial status in their household to be better a year from now than it currently is.

## Mortgage Lending Book

**"M**ORTGAGE LENDING IN A PERIOD OF RATIONED CREDIT," a 138-page booklet containing the proceedings of the eleventh annual Conference for Senior Executives in Mortgage Banking, has just been published by New York University's Graduate School of Business Administration.

Copies of the proceedings can be purchased (for \$2) from Dr. Harold W. MacDowell, Graduate School of Business Administration, New York University, Room 610, 115 Broadway, New York 6, N. Y.

# SAFETY...

*for funds  
away  
from home  
NCB  
Travelers  
Checks*



First National City Bank Travelers Checks are spendable like cash everywhere, in Dublin or Detroit, without the risks of cash.

When you sell your clients safe, readily cashed, First National City Bank Travelers Checks, you give them a real service. Wherever they go, at home or abroad, these convenient checks will simplify trips or vacations. Here are a few important reasons why seasoned travelers prefer NCB Travelers Checks:

- Promptly refunded in full if lost or stolen
- Instantly recognized and accepted like cash around the world
- In handy denominations: \$10, \$20, \$50 and \$100—good until used

When you sell NCB Travelers Checks, you keep 90% of the selling commission—and remit 10% to us. Our global advertising directs prospects to *Buy at Banks*. We provide extensive sales aids, without charge, enabling you to tie in with this national and international advertising campaign in trade and consumer publications.

Serve your customers well—and make a good profit yourself—by selling well-advertised, much-in-demand NCB Travelers Checks. They're known as "The Traveler's Friend" with good reason.

*The FIRST*  
**NATIONAL CITY BANK**  
*of New York*

### REMEMBER THESE FACTS:

- Backed by America's leading world wide bank
- Inexpensive "insurance"—cost only \$1 per \$100
- NCB Travelers Checks have been sold for over half a century

Member Federal Deposit Insurance Corporation



*Knowing how to get things done in New York is a business in itself*

## Is New York a bottleneck for you or your customers?

Do you or your customers have problems in clearing or forwarding freight coming from or destined for foreign ports?

If you do, it's no wonder, what with export declarations, foreign consular invoices, insurance, letters of credit, customs regulations, quarantine regulations, marking and packaging requirements, appraisals, entry clearances, title documents to name a few.

—Or perhaps your problems are related

to communications, fashion, finance, or other markets centered in New York. Whatever they are, you'll find it's always a big help to call your man at the Irving. He has the know-how and contacts at his fingertips to get right after your problem, for New York is his special business. And he is always ready to help out-of-town bankers get the services they need for themselves or their customers in this highly specialized city.

## IRVING TRUST COMPANY

*One Wall Street, New York 15, N.Y.*

Capital Funds over \$126,000,000

Total Assets over \$1,500,000,000

WILLIAM N. ENSTROM, Chairman of the Board      RICHARD H. WEST, President

Domestic Banking Division—NOLAN HARRIGAN, Senior Vice President in Charge

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



## What an Insurance Manager Should Know

(CONTINUED FROM PAGE 61)

Even though the bank may not own automobiles, it is certain to use them under varying conditions. Employees may use their cars in examining properties. We may hire automobiles for various purposes. In case of accident under such circumstances, the bank will no doubt be sued and possibly held liable. Adequate limits must be carried. As of today, the limit should be at least \$300,000 for injuries to one person and \$1,000,000 for injuries to any number of persons in one accident. The latter limit may seem entirely too high, and possibly is, but it costs little more than a lesser high limit. It is far more desirable for the bank to carry its own separate insurance covering all its liability, and not be dependent upon the insurance carried by the employee.

### Boiler Insurance

Where there is a boiler, boiler explosion insurance should be carried on the bank building and other owned property. We are operating a building to which we invite the public and must provide every reasonable safeguard. This form of insurance is purchased in most instances largely for the service feature—inspections by engineers in the employ of the insurance company. The same thing is true of machinery insurance covering compressors, condensers, and other portions of air conditioning equipment. Total loss of a compressor is not impossible.

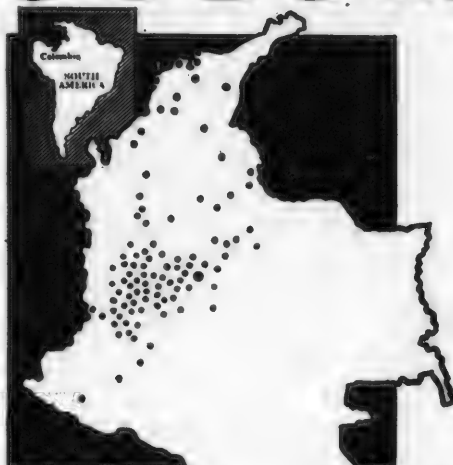
While the insurance broker or agent should be employed by bank management to the fullest extent, the insurance executive must understand fully the implications of every situation. He is in the bank and continuously in contact with its operation. He has the responsibility and must make the decision—not the agent or broker—or he must be able to present his recommendation and reasons to management for decision.

(END)

*The parent who used to say his 15-year-old son was 10 so he could travel half fare now says he is 16 so he can drive the car.*

Communism in a nation ends when a worker drives to work in his car.

# COLOMBIA



*Efficient Services through*

## BANCO DE BOGOTA

Oldest established and largest Bank in Colombia  
MARTIN DEL CORRAL, PRESIDENT

- Special attention to collections
- Accurate and dependable credit information service



105 BRANCHES

### TOTAL ASSETS:

More than \$540 Million Pesos  
(Approximately US. \$216,000,000)

### TOTAL COLOMBIAN FOREIGN BUSINESS:

	Imports	Exports
1954: US. \$	650,626,000	656,359,000
1955: US. \$	671,261,200	583,896,800 (excepting gold exports)

## BANCO DE BOGOTA

ESTABLISHED 1870 • BOGOTA, COLOMBIA S. A.

*Simplify Your Calculations*

**THE NEW**  
SLIDE RULE STYLE  
**TIME and MATURITY CALCULATOR**

GIVES YOU THE ANSWER AT A GLANCE  
TAYLOR, HODGKINSON, QUINN, & HARRINGTON, CHICAGO

HEINZ SYSTEMS, INC., P. O. Box 427, Oak Park, Illinois

Get more out of . . .

## BANKING

. . . at home!



Mail-EEZ Style  
passbooks and envelopes  
FOR SAVE BY MAIL

**WILLIAM EXLINE INC.**  
1270 Ontario Street • Cleveland 13, Ohio

## PERSONAL SERVICE in Credit Life Insurance

Licensed in all 48 States,  
D.C. and Hawaii with  
Regional Service Offices  
Coast to Coast

THE  
**Credit Life**  
INSURANCE COMPANY  
Springfield, Ohio

### AIR REDUCTION Company Incorporated

**AIRCO** 156th CONSECUTIVE  
COMMON STOCK DIVIDEND

The Board of Directors has declared a regular quarterly dividend of 45¢ per share on the Common Stock of the Company, payable on June 5, 1956 to holders of record on May 18, 1956, and the eighteenth regular quarterly dividend of \$1.125 per share on the 4.50% Cumulative Preferred Stock, 1951 Series, of the Company, payable on June 5, 1956 to holders of record on May 18, 1956.

April 25, 1956.

T. S. O'BRIEN, Secretary

## Public Relations

(CONTINUED FROM PAGE 51)

cents is the difficulties they experience in *handling the stuff!*"

It all leads up, of course, to how First National City helps people get friendly with money. Meanwhile, there have been several examples of "why people turn against money"—such as "Too inconvenient for bill paying;" "Gets away from me too easily;" "Never enough around when I need it;" "Too risky to carry on vacation."

And the obvious conclusion is that people don't really hate money—they just don't like the problem of handling it.

### Staff Course in PR

THE booklets prepared by the Public Relations Council of the A.B.A. have been distributed throughout the country, but at least one bank puts them to an effective use not originally considered by the Council.

In order to give its staff the information for full, satisfactory job performance, the complete employee training and education program of the COMMERCIAL NATIONAL BANK OF PEORIA, Ill., includes a 7-hour course in public relations.



This is a still from the 20-second silhouette film dramatizing savings, adjudged the best TV commercial used in Arizona in 1955. The Bank of Douglas has had silhouette film commercials for the past two years. They're produced by Moran Film Company of Phoenix. In this one the couple talk about saving, each payday, for that rainy day

For text material, the bank has used seven of the booklets in the series. They have proved highly satisfactory, reports Vice-president George M. Wasem. Each student receives a set of the booklets and is asked to read them as weekly assignments.

The course was started five years ago and has been given on alternate years. During the last session approximately 60 staff members at-

(CONTINUED ON PAGE 146)

\*\*\*\*\*

## Public Relations Inside the Bank

HERE are excerpts from a talk at the National Association of Mutual Savings Banks convention by W. W. Delamater, president of the Financial Public Relations Association and vice-president, *Tradesmens Bank and Trust Company, Philadelphia*:

**D**o you have staff meetings? Do your employees know what is happening in your bank?

When a new policy is established or a new service installed, are your employees told about it promptly? When a promotion is made, do the tellers learn about it from some depositor?

Be certain that your entire staff—officers and employees—are well informed. "I don't know" is a phrase that lowers the morale of the clerk, annoys the depositor, and affects the prestige of the bank.

Do you have a suggestion system with decent rewards?

Do you encourage your employees to accept offices in Rotary, Kiwanis, A.I.B.?

How are the telephone manners of your staff? Do you set a good example? Call your bank from outside and see how you are answered. If your staff's telephone courtesy is nonexistent you had better do something about it.

Some day in the near future request your filing department to send you the carbon copies of all letters mailed from your bank the day before—and don't omit your own. I'll wager you'll be shocked and disillusioned by the appearance, construction stilted phrases, and lack of courtesy in some of those letters. Hire someone to conduct a course in business-letter writing. If your bank is quite small, possibly the English teacher in your local high school could be persuaded to give one or two talks to your staff.

Have you looked at your forms and form letters recently? They might be pretty abrupt and demanding in tone. A little time taken to revise them might pay dividends.

# What a look over the teller's shoulder shows about the Mosler Picture Window



**1. Even customers approaching** the Mosler Picture Window for the first time seem entirely at ease. There's something more personal, more inviting about its modern, open look. Teller and customer are able to see, and talk with each other so naturally that neither is conscious

of the clear-vue bullet-proof glass between them. Note that lid of the deposit unit is of the same clear-vue material. This keeps checks and money involved in the transaction in view of customer as well as teller at all times, yet protected from wind and other hazards.



**2. Note that all (not just part) of the counter space inside** is usable for change machines and other equipment. No space-wasting cutaway in the Mosler counter . . . no "angled-in" counters that also steal needed work area. Notice—there are two big cash drawers below for coins, bills, storage.



**3. The new two-way communications system** is the next thing to note. It makes easy, normal-tone conversations possible, while teller's hands are free at all times, and vision is unobstructed. Microphone and speakers are above eye-level. Acoustics in window are without equal in drive-in equipment.



**4. And notice how the touch of a single button** by the teller slides the ingenious Mosler deposit unit out . . . opens the lid . . . and allows the customer to reach directly into it (without arm or wrist contortions, or fear of sudden closure). This is the most easily accessible unit of its kind. Safest. Most wind-resistant.

Why not find out all the other reasons why the Mosler Picture Window is America's finest and most practical equipment for drive-in banking? Mail coupon for brochure, today!

IF IT'S MOSLER . . . IT'S SAFE

**The Mosler Safe Company**  
Since 1848

World's largest builders of safes and bank vaults . . . Mosler built the U.S. Gold Storage Vaults at Fort Knox and the famous bank vaults that withstood the Atomic Bomb at Hiroshima



THE MOSLER SAFE COMPANY, DEPT. B-68  
320 FIFTH AVENUE, NEW YORK 1, N. Y.

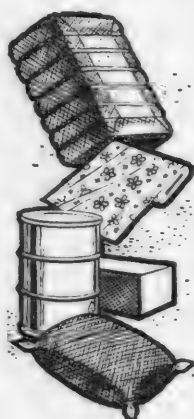
Please send me your new full color brochure outlining all the features of Mosler Picture Windows For Drive-In Banking, as soon as possible.

NAME \_\_\_\_\_ POSITION \_\_\_\_\_  
BANK \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_



Night landing of the royal barge, Memphis Cotton Carnival.

## King Cotton Puts on Party Clothes



Each May the Cotton Carnival attracts many visitors to Memphis, to join Memphians in "the South's biggest party." Symbolizing the importance of cotton to Memphis and the Mid-South, the carnival brings a week filled with parades and parties.

Cotton is of more than once-a-year interest to First National, however. As a cotton bank in the world's cotton capital, we have long been closely associated with the industry. Our Cotton Department has grown so that it now occupies an entire floor of our main office. Staffed by experienced officers, it serves the needs of growers, shippers, ginners, processors and others interested in cotton. Those interested in other commodities, such as rice and other grains, are served by this department, as well.

You are invited to make full use of our facilities. Whenever we can serve you, we'd like you to think *first* of



**THE**  
**First National Bank**  
**OF MEMPHIS**

MEMPHIS, TENNESSEE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

(CONTINUED FROM PAGE 144)

tended. Each class met one hour a week for seven successive weeks, on bank time.

The schedule includes principles of public relations, publicity, advertising, youth relations, customer relations, personnel relations, and community relations.

The classes are to inform as well as instruct. In advertising for instance, after discussing the principles of the subject the students get a complete review of the bank's advertising program, from the budget to the use of color.

### In Brief

#### Business Promoter

The First National Bank and Trust Company of Oklahoma City has published "Business in Oklahoma City," an information report to industry on the Southwest market, the community's development in 1955, and the bank's own "direct deposit service." The latter makes the First "your cashier for the Southwest." Under the plan a company's customers send their remittances to the bank, thus relieving the service's user of receiving, endorsing and depositing checks.

#### Travel Show

UNION DIME SAVINGS BANK of New York had a spring travel show at its Murray Hill office. Color films and slides helped promote Vacation Club accounts.

#### "Mr. and Mrs." Forum

RHODE ISLAND HOSPITAL TRUST COMPANY, Providence, had a finance forum for husbands and wives.

Yankee first baseman Bill Skowron and pitcher Tom Morgan watch as Robert M. Catharine, president of the Dollar Savings Bank of the City of New York, gives tickets to young Yankee fans visiting the bank



Your Bank will grow faster  
with  
**SCHOOL BANKING**  
THAT IS OUR BUSINESS  
LET US HELP YOU

**EDUCATIONAL  
THRIFT SERVICE**  
27 PARK PLACE NEW YORK, N.Y.

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for 5 months

Get this SPECIAL 5-month introductory subscription NOW (regularly \$3.50 a year), by sending only \$1.00 to

**BANKING'S NEWSLETTER**  
12 East 36th Street—New York 16, N. Y.



## "New front real asset to our bank,"

says Mr. T. L. Herreid, Executive Vice-President  
Peoples State Bank, Prairie du Chien, Wisconsin



This modern, progressive bank gives an excellent example of spandrel glazing. To create this special effect, several Pittsburgh Products were used: Carrara® Structural Glass, Pittsburgh Polished Plate Glass and three Tubelite® Doors and Frames. Architect: Frank J. Fuchs, La Crosse, Wisconsin.

"Our Pittsburgh Plate Glass front, with its attractive eye appeal and constructive stability, is a real asset to our bank."

Wherever Pittsburgh Fronts have been installed on banks, similar experiences have been reported. Pittsburgh Open-Vision Fronts give banks a friendlier, more inviting appearance; and they attract more depositors

through an atmosphere of informality.

If you are planning to modernize your bank, why not consider a new Pittsburgh Front? It will be sure to add to the appearance and prestige of your establishment. For more information, just send in the convenient coupon. We'll be glad to send you a free copy of our booklet, "How To Give Your Store The Look That Sells."



Pittsburgh Plate Glass Company  
Room 6271, 632 Fort Duquesne Blvd.  
Pittsburgh 22, Pa.

Please send me a FREE copy of your  
store front booklet.

Name .....

Address .....

City ..... State .....



PAINTS • GLASS • CHEMICALS • BRUSHES • PLASTICS • FIBER GLASS

PITTSBURGH PLATE GLASS COMPANY

IN CANADA: CANADIAN PITTSBURGH INDUSTRIES LIMITED

## News for Country Bankers

(CONTINUED FROM PAGE 76)

Cattle Feeders Banquet its most important customer relations project. The bank is located in the heart of the cattle feeding territory and 12 years ago it began inviting its cattle feeders to a banquet on the first Thursday in November. This project has grown until the bank now has difficulty in accommodating its guests in the facilities available.

President L. W. Ross, in com-

menting on the success of the banquet, has this to say:

"We buy two 4-H baby beeves at the Ak-Sar-Ben Stock Show each fall and always make it a point to buy the calves from the boys and girls in this area. We invite something over 500 and the attendance is approximately 400. At this banquet we present the 4-H boy or girl who has shown the champion and reserve champion steer at our county fair with an E bond. We always have a good speaker of national prominence and serve the 4-H baby beeves with all the trimmings.

"This banquet has become the talk of this whole territory and we have had many cattle feeders come to us and say that they wanted to do business with us in order that they might qualify for an invitation to this banquet. Because of our limited facilities we have found it necessary to exclude friends, neighbors, sons, fathers, and relatives who do not qualify as cattle feeding customers of our bank.

"We also invite our country correspondent banking people and give them the privilege of inviting their cattle feeders for whom we are carrying their excess lines. . . . It has been conducive to considerable good farming business."

## A SINGLE INVESTMENT IN PUBLIC RELATIONS that pays dividends year after year

*Schulmerich*  
**"TYME-STRYKE"**  
BELLS!

**CONTACT YOUR CUSTOMERS AND  
PROSPECTS HOURLY WITH  
THE CORRECT TIME SOUNDED  
BY MELODIOUS BELLS**

"Tyme-Stryke" is the fully automatic clock-operated bell instrument which rings out the hour and quarter hours with the Westminster melody known to millions everywhere. No tower or display clock is required. Bells and clock mechanism are installed in your building, in any available space, protected from weather.

The Schulmerich "Weather Bell"®, which forecasts local weather each hour by playing familiar tunes, may be added to the "Tyme-Stryke", giving your institution a first in community service.

No advertising investment matches this dignified, long-lasting sales impact on the public. Let us demonstrate right in your office! Write:

**SCHULMERICH CARILLONS, INC.**  
74C61A Carillon Hill, SELLERSVILLE, PA.

## Scholarship Award

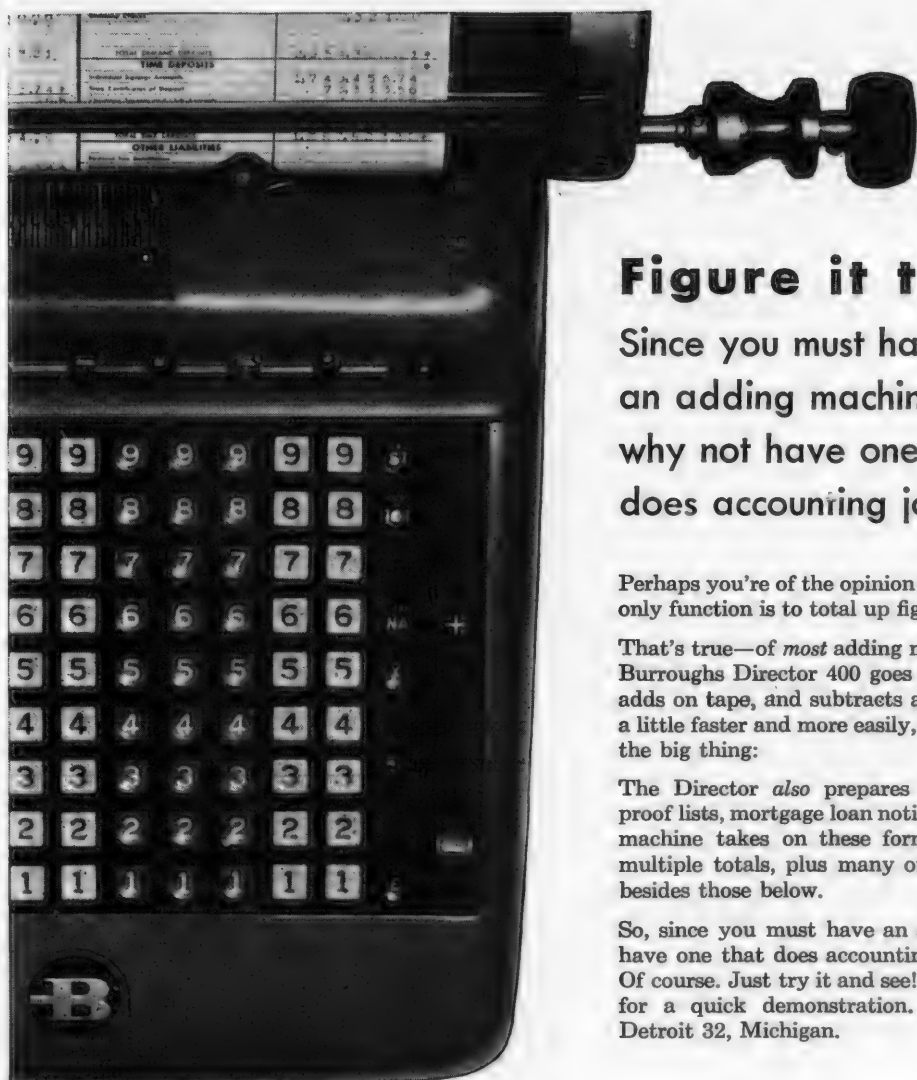
THE New York State Bankers Association will award a special 2-year scholarship to an outstanding farm youth to attend its Bankers School of Agriculture at Cornell University this summer, according to Albert L. Muench, executive vice-president of the association.

"The association," said Mr. Muench, "is pleased to extend this opportunity to a farm youth, a Future Farmer of America, who may not otherwise find it possible to undertake advanced studies in scientific farming."

The Bankers School of Agriculture is a special 2-year, week-long resident session held on the campus of the State College of Agriculture at  
(CONTINUED ON PAGE 150)

Each year the Florida Bankers Association replenishes its \$1,000 Forest Fire Protective Fund. The fund is divided into 10 equal awards, the maximum that will be given in any one calendar year. In the picture Joseph H. Riggs, vice-president, Florida National Bank, Jacksonville, and chairman, FBA's forestry committee, presents a \$100 award to L. E. Keene, Whitehouse, for information leading to the conviction of a firebug





## Figure it this way:

Since you must have  
an adding machine,  
why not have one that  
does accounting jobs, too?

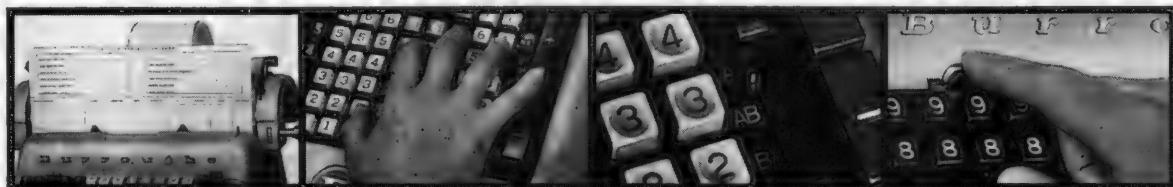
Perhaps you're of the opinion that an adding machine's only function is to total up figures on a listing tape.

That's true—of *most* adding machines, that is. But the Burroughs Director 400 goes far beyond that! Sure, it adds on tape, and subtracts and multiplies. Does each a little faster and more easily, too, users say. But here's the big thing:

The Director *also* prepares daily statements, batch proof lists, mortgage loan notices . . . yes, this all-electric machine takes on these form jobs, too! The reason: multiple totals, plus many other very special features besides those below.

So, since you must have an adding machine, why not have one that does accounting jobs, too? Make sense? Of course. Just try it and see! Phone our nearby branch for a quick demonstration. Burroughs Corporation, Detroit 32, Michigan.

form jobs, tape jobs—all on the same machine



**Wide form handling**  
Carriage takes forms up to 11 $\frac{1}{8}$ " wide. Carriage tabulates automatically, if desired. The stops are easily set to fit different column widths.

**Short-cut operation**  
Amounts may be indexed and motor bar depressed *at same time*. The Director's minus bar makes direct subtraction as easy as addition.

**3-way register selection**  
—thanks to exclusive Shuttle-master. (1) Manual. (2) Simultaneous figuring in two registers. (3) Automatic, alternate register selection.

**Two listing jobs at once**  
Lever splits keyboard. You can list descriptive numbers beside amounts, list 2 separate amounts. Or you can use full 13-column capacity.

# Burroughs Director 400



ADDING MACHINE

"Burroughs" Reg. TM.

(CONTINUED FROM PAGE 148)

Cornell University by the New York State Bankers Association. It is designed to familiarize banking executives with farming in New York State. The course offers intensive studies in crop and live stock enterprises, dairying and farm management. The school will be held this year during the week of August 19.

### "Dairy Dilemma"—a Study

THE National Planning Association's agricultural committee\* recently published an analysis of dairy

industry problems which finds consumption of dairy products at a "temporary saturation point," while milk production is steadily expanding "notwithstanding lowered dairy support prices." Attributing this increase largely to the growing use of the "new dairy cow," producing high milk yields, the report, *Dairy Dilemma*, by Dr. Ernest Feder of the University of Nebraska, analyzes the major forces underlying production, consumption, and price patterns in the industry.

In a policy statement accompanying the report, the NPA agriculture

committee proposed new approaches to expanding domestic and foreign consumption of U. S. dairy products and to supporting dairy farm income.

\*1606 New Hampshire Ave., N.W., Washington, D. C.

### "Business Week" Feature

THE National Stock Yards National Bank of National City, National Stock Yards, Ill., and its president, Eugene S. Williams, were featured in the April 21, 1956, issue of *Business Week*. The magazine's cover picture showed Mr. Williams inspecting a cattle pen.

"Today, National Stock Yards is a banker's bank as well as a livestock grower's bank," said *Business Week*. "Roughly 75% of its \$100-million in deposits are deposits of some 638 rural correspondent banks, most of them located within a 250-mile radius of St. Louis."

Continuing, the magazine states that "National Stock Yards gives the rural non-member banks many of the services they would get if they were part of the Reserve System. The bulk of this business is done by mail, and mail volume got so heavy that the bank was given a first-class U. S. Post Office . . . It handles anywhere from 60,000 to 135,000 transit items daily, ranging in value from \$7-million to \$15-million."

The article points out that "most of its [the bank's] business revolves about the stockyards." And it adds: "In the heart of farm country, with most of its correspondents rural banks and operating from a maze of livestock corrals, the bank naturally orients its thinking around problems of the farm economy."


---

*Nature-lovers on a picnic prove that Oscar Wilde was right when he said we always kill the thing we love.*

All is fair in love and war, and if you win at either the expense doesn't end.

*The life of a paper dollar is only seven or eight months, and yet we never had one die on our hands.*

The clothes that make a woman break a man.



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Central National likes tough assignments, the kind that cure headaches for our Correspondent Banks. And now with the new St. Lawrence Seaway augmenting the Cleveland economy, scores of your industrial customers may need your help to take advantage of certain profit opportunities.

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## CENTRAL NATIONAL BANK

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## Small Retail Shops

(CONTINUED FROM PAGE 44)

to the anticipated sales volume the reciprocal of the gross margin figure for the industry, which is shown at the top of page two in each of the 20 worksheets. The product will represent the cost of goods sold. Dividing it by the number of stock turns per year yields the estimated inventory value at cost. This procedure is explained on each worksheet. It is not essential for a new shop to carry as large an inventory as one which has been in operation for some time.

### Worksheets Available—

The worksheets for initial capital requirements described in this article may be obtained by banks and others from the nearest district office of the Department of Commerce. The 33 cities where such offices are located are:

Albuquerque, N. Mex.; Atlanta, Ga.; Boston, Mass.; Buffalo, N. Y.; Charleston, S. C.; Cheyenne, Wyo.; Chicago, Ill.; Cincinnati, Ohio; Cleveland, Ohio; Dallas, Texas; Denver, Colo.; Detroit, Mich.; El Paso, Texas; Houston, Texas; Jacksonville, Fla.; Kansas City, Mo.; Los Angeles, Calif.; Memphis, Tenn.; Miami, Fla.; Minneapolis, Minn.; New Orleans, La.; New York, N. Y.; Philadelphia, Pa.; Phoenix, Ariz.; Pittsburgh, Pa.; Portland, Oreg.; Reno, Nev.; Richmond, Va.; St. Louis, Mo.; Salt Lake City, Utah; San Francisco, Calif.; Savannah, Ga.; Seattle, Wash.

### Time, Money Savers

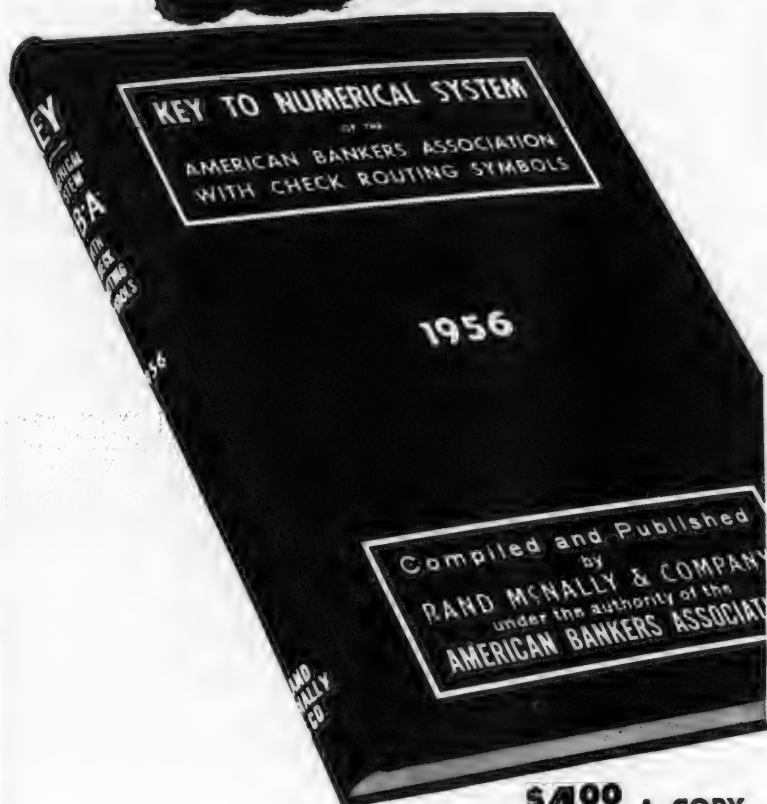
For the bank which is approached for small-business loans, the Commerce Department worksheets constitute time savers and possibly money savers as well. For the loan applicant contemplating the establishment of a new business, they are no less useful. While the sheets, of course, do not go into all the considerations bearing on the granting of a loan for a new retail establishment, in the cases of the kinds of businesses covered and with reference to the adequacy of initial capital they provide a useful guide and checklist based on the experience of others.

A bank would do well to have a supply of these sheets on hand.

HERBERT BRATTER

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## Post-and-File

(CONTINUED FROM PAGE 47)

posits, are fine-sorted. This is done by anyone available.

(4) One girl sight posts and *off-sets the accounts* as the other girl is finishing the fine-sorting. As the sight posting on each drawer or tray is finished, a prelist of checks and deposits is run.

(5) At about the time the fine-sorting is finished, several trays are ready for machine posting. The girl who has been fine-sorting starts on the machine.

As checks and deposits are posted by machine, they are filed immediately in back of the statements. As each tray is finished, the totals of checks and deposits are cleared on the journal and compared against the pre-list, then entered on a recap sheet. The new balance total is also cleared. The journal, which is in original print, is then torn off and filed at the back of the tray, in a space provided for that purpose. The journals are kept there, in chronological order, until the cycle is mailed at the end of a 30-day period.

When the other member of the

team has finished sightposting, she starts on the trays that have already been machine-posted and proves the old balance pick-ups by taking an add-list of the old balances on active accounts, which have been left offset by the machine poster.

After all posting is finished, the recap sheet for that team is added and the total checks proved against the proof department figure for that section. This is done by the head bookkeeper, who also proves the over-all check and deposit totals and posts each of the 53 bookkeeping department controls.

### Errors Quickly Found

The statement clerks forward balances and at the same time prove against the control for each tray being mailed out. Since controls are so small, any error is quickly found. After the tray is proved, statement stubs are removed and checks, deposits, and statements are photographed and mailed. The statement stubs will, of course, be used to compute service charges, and then as media for the posting of those charges. Special checking accounts are easily separated from regular personal accounts, since differently colored ledger cards are used (green for special, yellow for regular).

Far from requiring any sacrifice, post-and-file control is even better than that offered by either the dual or single posting plan. Trial balances, taken once a month, are out of the bookkeepers' hands entirely; statement clerks are answerable directly to the auditing department. Tellers no longer help file checks; they have been released for other duties. No one sights and posts the same accounts; no one prelists and posts the same checks and deposits. Special checking customers receive statements monthly, rather than every 90 days.

### Desirable Alternative

We feel that the post-and-file system offers a desirable alternative for dual plan users who would like to reduce costs without sacrificing control or customer service. Since each team of two, using one machine, handles a 1,400-item daily posting on about 2,500 accounts, the possibility for savings does exist. Similarly, single posting may be improved by the adoption of this method. The advantage of post-to-check—filing as a by-product of posting—is retained.



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## Common and Preferred Dividend Notice

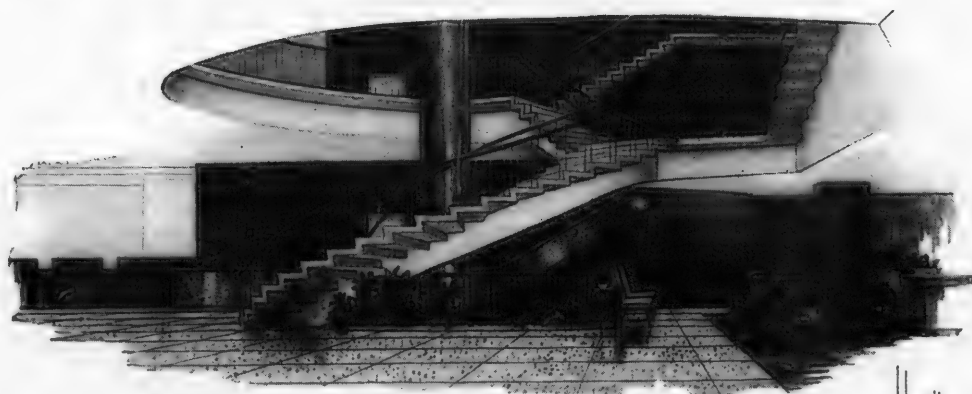
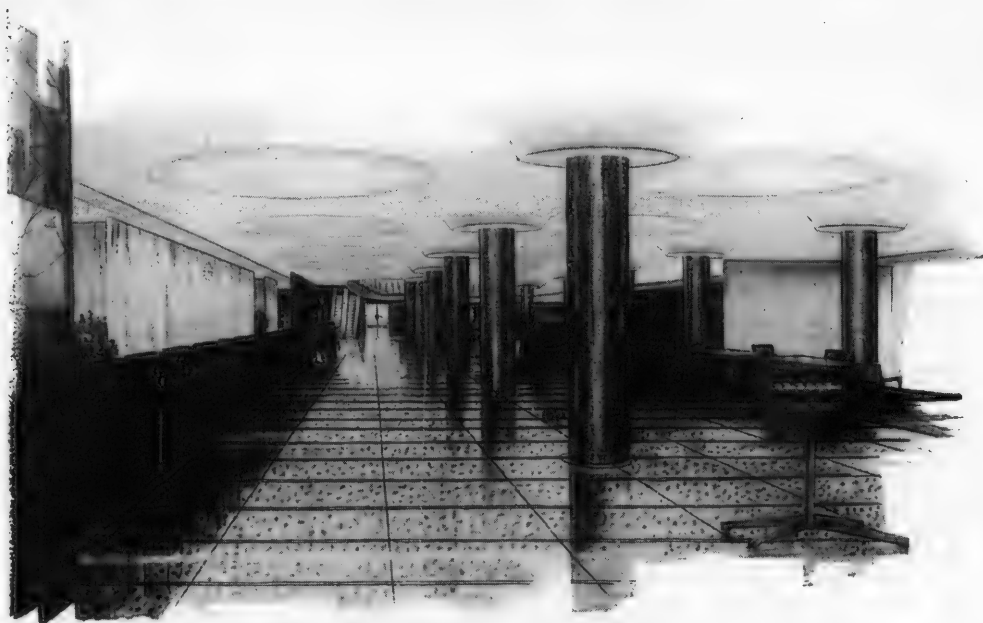
April 26, 1956

The Board of Directors of the Company has declared the following quarterly dividends, all payable on June 1, 1956, to stockholders of record at close of business May 7, 1956:

Security	Amount per Share
Preferred Stock, 5.50% First Preferred Series...	\$1.37½
Preferred Stock, 5.00% Series.....	\$1.25
Preferred Stock, 4.75% Convertible Series.....	\$1.18¾
Preferred Stock, 4.50% Convertible Series.....	\$1.12½
Common Stock .....	\$0.35

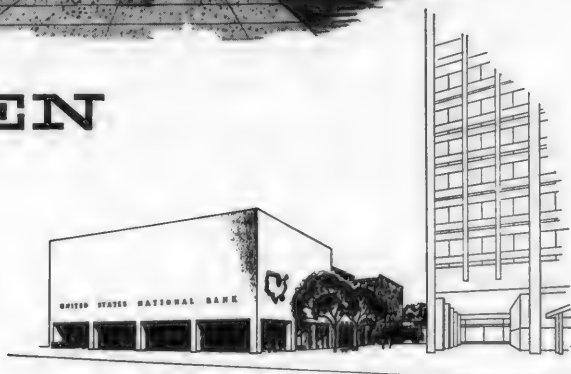
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**MORTGAGE SERVICING.** By *William I. De Huszar*. McGraw-Hill, New York. 201 pp. \$5. Sponsored by the Mortgage Bankers Association of America, this volume describes the principal procedures and operations of servicing. Covering operating principles, departments and techniques, it replaces the earlier *Mortgage Loan Servicing Practices*, by the same author, a member of the association's Mortgage Servicing Committee.

**MONEY AND BANKING.** By *Raymond P. Kent*. Rinehart & Co., New York. 828 pp. \$6.50. Third edition of a textbook by the professor of finance at University of Notre Dame.

**FINANCIAL INSTITUTIONS.** By *Erwin W. Boehmle, Roland I. Robinson, Frank H. Gane, and Loring C. Farwell*. Richard D. Irwin, Inc., Homewood, Ill. 668 pp. \$7.80. Revised edition of a text on the basic workings of the financial system.

**AN INTERNATIONAL ECONOMY: PROBLEMS AND PROSPECTS.** By *Gunnar Myrdal*. Harper, New York. 381 pp. \$6.50. An "examination of the present state of international economic relations within the non-Soviet world." The author, now executive secretary of the UN Economic Commission for Europe, says that all the industrialized nations must share in providing large-scale investment and aid to the underdeveloped countries in the interests of worldwide solvency and prosperity.

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- If the pound is made convertible, will the Sterling Area disappear?

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**AN APPROACH TO MONEY AND BANKING.** By *James Dandy*. John deGraff, Inc., New York. 191 pp. \$2.50. A British study.

**THE BOSTON AND MAINE RECAPITALIZES: 1948-1953.** By *Robert L. Masson*. Harvard Graduate School of Business Administration, Boston. 373 pp. \$4.50. This "case study of balloting regulation" deals with the procedural problems of balloting on the railroad's stock modification plan submitted under Section 20b of the 1948 amendment to the Interstate Commerce Act.

**THE LONDON CAPITAL MARKET.** By *Norman Macrae*. Staples, Ltd., London, and John deGraff, Inc., New York. 285 pp. \$6. A general textbook on the modern role of the City of London.

**INTEREST AS A SOURCE OF PERSONAL INCOME AND TAX REVENUE.** By *Lawrence H. Seltzer*. National Bureau of Economic Research, New York. \$1.25. This pamphlet is Occasional Paper No. 51 in the Bureau's series.

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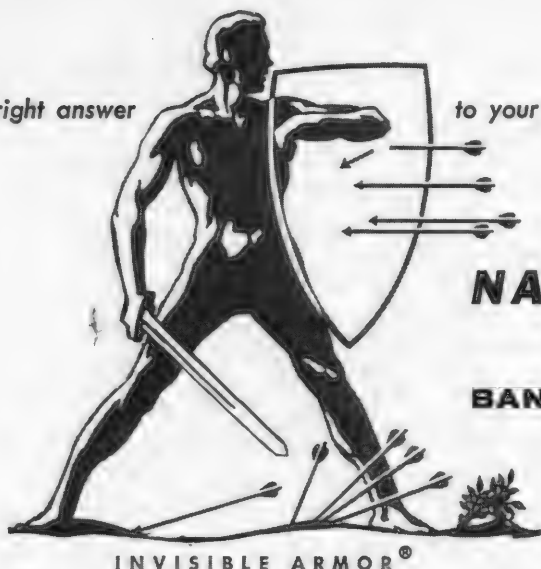
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## Bank Holding Company Act

(CONTINUED FROM PAGE 42)

the procedure I have outlined as applying to intrastate acquisitions.

The second main feature of the act, dealing with divestment, prohibits banks from acquiring shares in a nonbanking business and gives them two years to dispose of their present nonbank holdings. There are, however, several exemptions from this requirement covering such things as shares held in a fiduciary capacity or received in satisfaction of a debt and giving the Federal Reserve Board discretion to exempt activities of a financial, fiduciary, or insurance nature so closely related to the business of banking as to be a proper incident thereto. I am sure the Board will exercise this discretionary power with restraint and consider each case on its merits.

### A Compromise

I must be frank to admit that the act is a compromise measure and does not contain every provision which I desired, but most of the exemptions which the President criticized when he signed the bill were in the bill passed by the House. However, the new law will provide adequate supervision over bank holding companies. The Federal Reserve Board is required to make periodic reports to the Congress on its administration of the act, and, if additional amendments appear to be needed, you may be assured they will receive the attention of our Banking and Currency Committee.

**I**N addition to the bank holding company bill, more than a score of banking bills have been referred to our subcommittee during this session of the Congress, and four of them have been enacted into law. One of these new acts liberalized the authority of national banks to make real estate loans in order that national banks might not be at a disadvantage in competing with state-chartered banks. Another act permits the Comptroller of the Currency to waive one examination of a national bank in a given 2-year period and will permit the Comptroller to make more efficient use of his examiners. A third act reduces the proportion of bank directors who

must reside within the state or within 50 miles of the bank's office from three-fourths to two-thirds and raises the 50-mile distance limitation to 100 miles. These are reasonable changes in view of transportation and communication progress since this statute was last amended in 1921. The fourth act eliminates the requirement that notice of liquidation by a national bank must be published in a New York City newspaper for a period of two months. Notice still must be published in a newspaper in the community where the national bank is located, but the New York publication requirement became obsolete when national bank notes were no longer in circulation.

In addition to this legislation, several bills have passed either the Senate or the House and may become law this year. Last year the Senate passed my bill, S. 256, to eliminate cumulative voting in the election of national bank directors unless provided for in the articles of association. This bill is pending in the House Banking and Currency Committee, which I hope will act favorably on it in the near future.

Another bill passed by the Senate last year and still pending in the House Banking and Currency Committee would regulate establishment of branch offices by Federal savings and loan associations. The Home Loan Bank Board has interpreted statutes covering chartering of Federal savings and loan associations as permitting it to grant branches to these associations regardless of state laws on branch offices. The bill passed by the Senate would permit Federal savings and loan associations to have branches only in states where state-chartered savings and loan associations or commercial banks are permitted branching privileges.

I would also like to mention two bills I introduced this spring which are endorsed by the Treasury Department. One would eliminate the report required to be made by national banks after the declaration of a dividend and would permit 10 days instead of five for the making of call reports. The other bill would permit national banks to make industrial or commercial construction loans with maturities up to 18 months and would increase the amount of construction loans permissible by adding 50% of the unimpaired surplus to the present amount of 50% of paid-in capital.

### TENNESSEE AND MISSOURI

The new president of the Tennessee Bankers Association is Caldwell B. Harrison (left), president, Farmers-Peoples Bank, Milan. The Missouri Bankers Association's new head is James F. Mack (right), vice-president, City National Bank and Trust Company, Kansas City





## Let's get acquainted

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## FDIC Report on Bank Earnings

**N**ET current operating earnings of the 13,237 insured banks were 13% higher in 1955 than in the previous year, according to the Federal Deposit Insurance Corporation. The increase totaled \$2,418,000,000.

Net profit after taxes on the sale of securities fell about 12% in comparison with 1954, but remained well above that of any other year.

Current operating expenses rose 9% to \$3,960,000,000 in 1955. Offsetting this was the increase in gross current operating earnings of \$6,378,000,000, or 11% over 1954.

Two-thirds of the additional current operating earnings income in 1955 was derived from income on loans. Also higher were interest and dividends on Government and other securities, service charges on deposit accounts, as well as other current earnings.

Wages and salaries accounted for about half of the current operating expenses. Payrolls were 8% higher because of a 5% increase in the number of employees and officers. Greater volume and a slight increase in the average rate sent interest payments on time deposits up 10%.

In 1955 net current operating earnings were higher, since gross earnings rose more rapidly than operating expenses. Net profits, however, were reduced because of an excess of losses and charge-offs over recoveries and profits on sale of assets.

Net profits after taxes were \$151,000,000 below the 1954 figure of \$1,307,000,000. This was a return of 7.9% on total capital accounts, as compared with an average of 8.2% in the preceding eight years. In 1954 the return was 9.5%.

Nearly half of the net profits were distributed to stockholders—10% more than in 1954. This 10% increase in dividends after smaller net profits reduced net additions to capital 25% below the \$790,000,000 addition made in 1954. The ratio of capital to assets, however, showed a continued but slight improvement. The long-term declining trend in the number of commercial banks continued. Principally through mergers, the number of banks was reduced by 86 from the 1954 figure of 13,323.



# The OUTLOOK and Condition of Business

(CONTINUED FROM PAGE 33)

"In the long run, if we can keep Government under control, can keep on giving the people confidence and incentives, the continuing growth of the country should make our military burdens easier to carry and we should be able both to make reductions in the public debt and gradually to reduce taxes further."

## *Banks and Fed Work Together*

**Question:** How effective can the Federal Reserve be under present circumstances?

**Answer:** "The other proved mechanism which we have for keeping our economy in balance is the Federal Reserve System. This Administration is opposed to trying to manage the country by direct controls over wages and prices and commodities. One of the first things the Administration did in 1953 was to abolish the remaining wartime price and wage controls.

"But we do believe in the traditional and more general influence of central banks over the supply and price of money. In 1953, we pledged that the Federal Reserve System would be free to exercise the functions given by law to influence the credit supply in the public interest. The success of the System depends, of course, on the understanding and cooperation of the nation's banks.

"I know from long personal experience the problems in running a bank when money is as tight as it is today. It is most gratifying to see the wisdom with which the banks are working in harmony with Federal Reserve policy to see that all sound and legitimate needs for credit are met while less essential demands are deferred or reduced.

"It gives us grounds for confidence that we can weather this period of adjustment without serious difficulty."

## *Tailored Monetary Policy*

And now Governor Martin, commenting frankly on the task of the Federal Reserve:

**Question:** How do you determine what is best to do at a particular time?

**Answer:** "Monetary policy must be tailored to fit the shape of a future visible only in the dim outline. Occasions are rare when the meaning of developing events is so clear that those who bear the responsibility can say, 'As of today, our policy should be changed from ease to restraint'—or from restraint to ease as the case may be."

## *Rate Changes Reflect Market*

**Question:** To what extent are interest rate changes due to supply and demand?

**Answer:** "If borrowers crowd banks with loan demands on a scale much greater than average normal growth (in the economy and money supply), they can expect the result to be some rise in interest rates. If that rise does occur, it merely signals continuance of the Federal Reserve policy of letting the supply and demand for credit be reflected in market rates of in-

terest. Certainly it does not signal a policy of choking off the flow of credit and forcing rates to artificially higher levels, for there is not any such policy and there is not going to be one of that kind."

**Question:** To what extent do Federal Reserve actions depend on cooperation of the banks and the public generally?

**Answer:** "Let me emphasize, the Federal Reserve's authority to combat excesses in the field of money and credit enables it to help in moderating swings in the business cycle, but it cannot do the whole job.

"If we depend upon the Federal Reserve or the Government to protect us from our own excesses then, by the very nature of our free economy, we are doomed to difficulty and distress.

"If businessmen, bankers, and your contemporaries in the business and financial world stay on the sidelines, concerned only with making profits, letting the Government bear all the responsibility and weight of guidance of the economy, we shall surely fail. In an economy so closely interwoven as ours, there is need for a larger vision, on the part of us all."

## *Now Is the Time for Prudence*

All of which leads directly to some important platform utterances lately made by President Florence of the American Bankers Association stressing the theme that moderation, prudence, and caution are now in order. (For emphasis, we'll continue the question-answer method.)

**Question:** Are present banking resources adequate for the economic expansion ahead?

**Answer:** "Just as steel is an indispensable raw material for so large a part of the physical production and facilities of our expanding economy, so also does banking provide the essential raw material of credit that is so vital to the growth of production, distribution, and consumption; and just as capital investment expenditures by business and industry are so essential to the enlargement and improvement of the productive physical resources of our country, so likewise must banking take cognizance of its own capital investment.

"This cannot be stressed too strongly, because capital funds provide an indispensable foundation for resourceful and progressive service to the public.

"Our institutions have inescapable responsibilities in these two areas of bank credit and bank capital that demand our consideration today. On one hand, our banks must be constructive, which entails some risk-taking in the extension of credit needed for economic progress. This requires courageous management and the exercise of sound judgment. At the same time, our banks must be fortified with the capital investment that will make these qualities ring true.

"We have arrived at a point where bank loans constitute a significantly higher percentage of deposits than at any time in recent years. The proportion is now about 50%, if interbank deposits are excluded,

compared with only 20% at the end of World War II. Moreover, the banking system has also experienced a significant increase of \$12-billion in its portfolio of securities other than Treasury obligations since 1945. Thus, total loans and non-Treasury securities now amount to 60% of deposits, compared with only about 25% at the end of 1945.

"These developments pose some very important questions for the banking system. They are:

"1. Should the banking system continue the trend in recent years of increasing the proportion of its assets subject to business risk?

"2. If so, on what basis should this exposure to risk be accommodated?

"3. What measure of protection must be provided for our institutions in the process?

"The answers to these questions are closely related to each other. Much discussion and analysis could be devoted to each of them, but time does not permit today more than a few pertinent observations and conclusions which may serve to crystalize our thinking as we formulate the policies of our institutions."

### **Sound Credit Needs Must Be Met**

*Question:* How would you define the responsibility of banks to their customers?

*Answer:* "First, a banking system that is geared to serve the credit needs of a growing and changing economy cannot deny a heavy responsibility for extending worthy credit by lending. Since deposits are created through the loan and investment process, it would appear to be far more desirable, in the long run, for the deposit expansion of private, productive credit, rather than in Government deficits that may not necessarily be productive.

"This means that as demands for credit are made upon the banking system, it must be prepared, through resourceful policies and practices, to place an increasing emphasis upon loan portfolios.

"The facts of competitive life in today's financial system make this not merely desirable. They make it imperative, because banking can expect to feel the continuing pressure of competition, not only from other private financing media, but also from Government itself as various interest groups seek advantage in the use of Government credit."

*Question:* How can banks best work with the Reserve to keep things on an even keel?

*Answer:* "With business around peak levels and credit demand unprecedented, an unrestrained expansion of loans could do irreparable damage in the direction of inflation. Federal Reserve policy has recognized this danger, and has allowed supply and demand forces in the money and capital markets to restrict the availability of funds and to exert an upward pressure on interest rates to the point where recently they have been the highest in over two decades.

"This policy and the economic circumstances surrounding it should sound a note of caution for lenders. It should emphasize the need for prudence. It should draw attention to our responsibility for soundness of bank credit, and it should warn us that in times like today standards of quality should not be compromised by competitive pressures, but should be preserved and strengthened in the interests of a sounder credit structure. Just like steel, the supply of bank credit

is not inexhaustible. It has definite limits; and those limits are determined by the collective judgment of monetary authorities and lenders, working together to make credit the servant—instead of the master—of our economic fortunes.

"The policy that has permitted this monetary situation to develop might seem to be unpopular to some bankers because they have had to learn anew how to sort out loan applications and exercise greater selectivity. This is a difficult task, yet as long as economic conditions dictate, it must be done if we are to preserve sanity in the use of credit. Many observers associate the current pressure for funds with situations like the pending developments in the steel industry. Because wage and price rises are widely anticipated, they regard them—and not the credit picture—as the stimulus of the recent surge of inflationary pressures.

"It is not necessary to debate that view but there can be no denial that sanity in the use of credit is imperative. As I interpret the thinking of sound bankers and businessmen, credit restraint does not and should not mean the closing of loan and discount windows at commercial banks; but it does imply an increasing measure of selectivity and healthy growth."

### **Are Credit Control Tools Adequate?**

The question whether the tools of credit control now available are adequate for the job is getting more attention.

With the Federal debt many times what it was 20 years ago the Treasury's operations are on a scale that seriously curbs the ability of the Federal Reserve to control credit, no matter how independent the System is.

A recent bulletin issued by the Institute of International Finance of New York University, of which Marcus Nadler is research director, points to several reasons why the weapons at the disposal of the Federal Reserve may not now be adequate.

The credit policies of the Reserve, for example, have only minor influence on the activities of insurance companies, savings and loan associations, savings banks and personal loan companies.

WILLIAM R. KUHN

## **THE FAMILY DOLLAR**

**FOR SUMMER 1956** →

Send for free kit on point-of-sale controlled circulation plan. You have choice of 22 A.B.A. ads (see sample FD-21) for back cover of any issue. Bank imprints appear on both covers.

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**AMERICAN BANKERS ASSOCIATION**  
12 E. 36th St., New York 16, N. Y.

# The Family Dollar

*"Saving is like furnishing  
a house. First, have a plan."*

ARLENE FRANCIS



# Family Budgeting...capsule style

**I**F YOU ARE like millions of other Americans you are probably worried about making your income match your outgo. Like so many others you are seeking financial peace of mind. Arlene Francis' *Home* program has presented experts of many kinds. Among them was a series by the well-known writer on money management, Sylvia Porter, who had some valuable advice on the subject of living within one's income.

She offered six basic guides on money management, as follows:

- (1) *Make your money management program a family project. Talk over with your family what you're trying to do. Let your children become part of your new "team."*

This is really the only way to make any program work. For only if each member knows what the family's aim is, will each try to reach it.

- (2) *Whatever records you keep, keep them simple! Never try to maintain detailed records of where every penny goes.*

Buy an inexpensive notebook. On one page of it, jot down your family's monthly income. On a second page, jot down what you must put aside for the major, unavoidable expenses — rent, taxes, debts, savings, and figure out what the total comes to each month. On a third page, put down what you have left over after you have subtracted your unavoidable expenses from your gross income. This is the total you have left to meet your day-to-day expenses. On a fourth page, juggle your day-to-day expenses until you come out better than even and are satisfied that you are getting the maximum benefit and comfort from what you are spending . . . That's all the record keeping you need do — four simple pages including a few figures.

- (3) *Deduct the money for your savings as an "unavoidable expense" before you start spending for the pleasant but unessential things of life.*

This is the secret of saving — putting the money aside at the beginning, before you start to spend. If you can manage it, your fund should hold six months' income — which should be enough to carry you through any major emergency. If your rainy-day fund doesn't hold this total now, agree in your family conference on how much can be put aside each month until your nestegg is assured.

- (4) *Provide personal allowances for each member of your family, including your children as well as yourselves. Then let each one decide what he wants to do with the amount allotted to him or her.*

No one should have to account for his allowance. As for children, they learn surprisingly fast how to handle money when they are given the chance.

- (5) *Don't be too arbitrary about any of your figures or set limits on yourself that will be impossible to meet.*

Keep flexible! If after you've tried a money management plan for a few months, you find your limits are too stiff, change them! It's your budget, it's your life. It's up to you to make your budget fit you.

- (6) *And finally, if after all your efforts, you still cannot make your income match your outgo — well, you have only two choices left. Cut your spending. Or raise your income.*

And that's the most fundamental rule of all. For if you cannot make ends meet even after the most careful budgeting, you are living beyond your means and you might as well face it.



"Well, anyway I  
made one end meet."





# "Saving is like furnishing a house. *First, have a plan.*"

ARLENE FRANCIS

Arlene Francis and her secretary busily answering mail received in response from her daily TV show, HOME.

**H**AVE YOU NOTICED lately how business has taken to visiting with families in their homes, seeking new ways to make life more comfortable, interesting, and satisfactory? Probably you haven't, because the visiting is done chiefly by surveys and market studies, but so thoroughly that business knows not only what families want today *but what they are going to want tomorrow*. This is more than most families know about themselves.

Banks are doing it, too. Recently samples of banking's 100,000,000 customers were visited in this fashion and — guess what — the banks confirmed what women have known perfectly well for a long time: that Mrs. America does most of the banking where family money is concerned.

## Sixty Seconds to Go!

**WELL TO GET ON** with our story — one day this spring, banking in the guise of the FAMILY DOLLAR was a-visiting and the clock said 10:59 A.M. Obviously it was no time for the FAMILY DOLLAR to be barging in to shake hands with Arlene Francis, editor extraordinary and plenipotentiary of *Home*, the television magazine-of-the-air. In 60 seconds she was scheduled to enter several million homes across the nation and discuss cooking, sewing, savings, spending, home furnishing, and the myriad topics that form the lively contents of this pioneering venture in publishing.

"Beth!" someone called to Arlene's assistant in charge of reporters, "here's that banking man."

"Come on over," said Beth, so the FAMILY DOLLAR tripped over two cables and a camera man's foot getting over to meet Arlene Francis. Thirty seconds to go! The smiling editor of *Home* seemed to think she had all day to chat. Suddenly, in the big circular studio, things quieted down and without any perceptible change of manner Arlene waved the FAMILY DOLLAR out of range and turned to greet her millions of subscribers. With Arlene it's not an act. She's right at home.

It wasn't easy to keep out of the way of the cameras because there are four of them, including one on a

moving beam overhead, operated apparently by Harvey, the invisible rabbit.

## Saving Is an Old Habit

**ABOUT ONCE A WEEK** the contents of *Home* include something about family money management. On this particular day there were teen-agers telling what they liked to read and do, a sewing authority on making slip-covers, other homey items, and finally a miniature circus.

After the show Arlene went to her dressing-room to get rid of the TV makeup. The FAMILY DOLLAR tagged along by invitation, to ask questions and learn what this leading authority on homes thinks about her own home problems. She is in the midst of furnishing a new house, so the subject is closer to her heart than usual.

A star's bright dressing-room, complete with mirrors, brushes, pink combs, and busy telephones, may not be the ideal setting for an interview on the dark gray subject of banking and currency, but that's what *you* think. Arlene thinks it's one of the most exciting subjects in the world, so let's go. What are we waiting for?

"Has the habit of saving been a factor in your career?" This, from the FAMILY DOLLAR, imagine.

"Saving has always been a habit," she said, "and basic to everything. As far back as I can remember I've always had a savings account. My family had one for me before I was old enough to know about it. We had to save and when I had my first job part of everything I earned went regularly into savings."

**QUESTION:** Now that you don't have to work quite so hard at saving what about your nine-year-old boy, Peter? I'd suppose he hasn't heard much about saving?

**ANSWER:** You suppose wrong. Peter gets an allowance of 50 cents a week and saves 25 cents of that. He knows that I will help him with extra things he may want, but he has the sense and practice of saving regularly toward things he may want. A few days ago he asked if he could dip into savings to make a telephone call for 10 cents and I told him it would be all right.

**QUESTION:** What saving rules would you want to suggest?

**ANSWER:** Saving is like furnishing a house. First, have some kind of plan. It is good, but not absolutely essential, to have goals in plain view. These can be education, travel, a new home, a modern kitchen, an extra room, retirement, or anything you want. Saving must fit in the general pattern of your life and what you hope for the future.

**QUESTION:** From your experience of two years as editor of *Home*, what would you say is the chief trend in home design and furnishing today?

**ANSWER:** Simplicity, good taste and utility. There is a definite and rapid change away from useless ornamentation and bric-a-brac of all kinds.

Here's the way she put it: "People want the best and most practical in style and they want things that will last. You can have good design for very little and you can have bad design for a great deal of money. We show them the difference between good and bad design. And it is my experience that you can go into most homes today, run on even small budgets, and find them very attractive."

Arlene Francis learns from her shows as much as she teaches and she is putting it to good use in her new home. For example, in her kitchen the word is "availability." Everything must be easily reachable.

*Home* receives a tremendous volume of mail, most of it asking questions raised by the *Home* programs. All letters are answered. Based on this correspondence, she says that food and sewing top the list, with shopping news, fashions, and family problems coming along in about that order.

#### Money Matters, Certainly!

LATELY THERE HAVE BEEN SIGNS of an increasing interest in money matters, probably because more and more people have enough of that commodity to make them pay attention to it. Among the family problems that stir much interest in *Home*, in addition to money, are child care, education, and health.

While she brought to *Home* a considerable background in fashions, cooking, decorating, and gardening, she has found each day on the program a new experience.

"Women today," she said, "are interested in all the ways of improving their homes and their perspectives, so the range of our material is limitless."

"Before a single stick of furniture is bought, one must first choose basic colors and designs. Many women, in decorating a home, have a tendency to buy individual pieces as they see them in stores, and then when they put them together, they just don't go."

Arlene does her own planning and decorating and leans toward neutral colors.

"There are so many different people and things that must fit into your surroundings," she says. "You can do much more with neutral colors like beige, white, and greys."

In decorating her son's room she makes education the theme. The wall is covered by a map of the world, with information on what each country is chiefly noted for.

Arlene was born in Boston, Mass., the daughter of Aram Kazanjian, distinguished Armenian-American portrait photographer. Stage-struck since she was a little girl, she was opposed by her parents, particularly her father, who felt that the stage "wasn't respectable enough."

In spite of the fact that after her graduation play at the Convent of Mt. St. Vincent Academy in Riverdale, N. Y., the nuns themselves told Mr. and Mrs. Kazanjian that their daughter was meant to be an actress, they remained unmoved and enrolled her at Finch Finishing School in New York City. When she had completed her schooling there her father finally relented and allowed her to attend the Theatre Guild School, also in New York, for one year.

He then sent her on a trip to Europe in the hope she would forget her theatrical ambitions, and, when she returned, he opened a gift shop for her on Madison Avenue. Lacking interest in the business enterprise and with the depression in full swing, Miss Francis was forced to close her shop after a short time.

#### Save Because You Expect to Enjoy It

NOT LONG AFTERWARD, a friend suggested she try out for a bit part on a radio show. She did, and by auditioning the roles of a little girl, a dog, a cat, a witch, and other minor roles in the script, she got her first radio job. And it was with the approval of her father who felt that radio was more acceptable than the theater.

To this beginning she added many successes, until she had appeared on a large number of radio dramatic and comedy shows. It was on one of the daytime serials



Arlene and her husband, Martin Gabel.



Arlene and her nine-year-old son, Peter.

that she met her husband, Martin Gabel, who was playing the lead part on the program.

During this period Miss Francis made her Broadway debut and has since been seen in approximately 20 productions, including "The Doughgirls," "All That Glitters," "The Overtons," "Metropole," "The Women" and, most recently, "Late Love." In Hollywood, she appeared briefly in the movie version of the award-winning movie, "All My Sons." She has been editor-in-chief of *Home* since the program's inception on March 1, 1954, and, in addition, she is a regular panelist on the video quiz show, "What's My Line?" and has guest-starred on many TV programs.

The *Home* show does not always stay home. It travels all over the country to introduce each section to the life of its neighbors around the nation. Once the show went to Japan, and other trips are planned.

*Home* has traveled considerably since it has been on the air, in an attempt to show its viewers homelife in

various sections of the country. Opening one telecast from Fort Worth, Texas, *Home's* star was deposited on the scene in a helicopter. It was her first flight and will remain a memorable one because the door flew open when they were several hundred feet in the air and the pilot had to come down in an open field, get out and close it.

During other travels, Arlene sailed a 40-foot auxiliary sloop in San Francisco Bay while being telecast from the shore, and on another occasion, together with a TV camera and cameraman, descended to the bottom of the ocean in a diving bell off Catalina Island.

Following this aquatic scene, when the diving bell was to return to the surface, something went wrong with the air pressure and, instead of ascending slowly as it was supposed to do, the bell containing Miss Francis, camera and cameraman, mushroomed to the surface with tremendous force. Arlene let go with a scream that must have jarred peaceful housewives from coast to coast, and moments later quipped, "Wow, now I know what it feels like to be a champagne cork!"

The FAMILY DOLLAR had one more question: "How would you rate the proper handling of family money matters, wise saving and spending as factors in successful family life?"

"Very, very high," said Arlene. "I believe it with my whole heart and soul. People are always talking about security, emotional, financial, or what have you. The easiest way to obtain it is to look ahead a little. It doesn't matter how much you have, the dividend of foresight is security. Regular saving is the most important thing in the world. Don't save because you're afraid you'll be sick or have trouble. Save because you expect to enjoy it later on. Saving is an integral part of the American way of life."

WILLIAM R. KUHN



## Managing Your Money

Most people would like to make their money go farther. But how? People who get ahead financially instead of just "coming out even" at the end of the year would say they plan their spending just as they plan other things in life.

These figures are only suggestions designed to help you work out your own spending and savings plan.

Suggested Distribution of Income after Taxes						
Monthly Income after Taxes	No. in Family	Savings	Food	Clothing	Shelter, Utilities	Education, Etc.
\$200	2	\$30	\$65	\$18	\$57	\$30
	3	20	78	19	57	26
	4	10	90	20	60	20
\$300	2	55	75	30	80	60
	3	47	95	32	81	45
	4	38	103	35	85	39
\$400	2	90	88	40	107	75
	3	86	100	42	108	64
	4	67	115	50	108	60
\$500	2	145	95	50	125	85
	3	120	120	55	125	80
	4	110	125	65	125	75
\$800	2	280	120	80	195	125
	3	240	140	90	200	130
	4	210	150	100	200	140
\$1,000	2	350	135	100	245	170
	3	300	160	115	250	175
	4	250	190	125	250	185

Source: "Personal Money Management," American Bankers Association.

# FAMILY RECORDS

**T**HE SAFEST PLACE to keep valuable records is a safe-deposit box at your bank. Such papers would include birth and marriage certificates, real estate deeds, business contracts, U. S. Savings Bonds, other bonds and stocks, citizenship papers, wills, and a personal property inventory.

For valuable papers that may be needed quickly or used frequently a strongbox at home is practical. Health insurance cards, bank books, instalment contracts and appliance guarantees should be accessible.

Finally, most households have an assortment of day-

to-day records, the loss of which can often cause embarrassment or delay. A manila folder, suitably indexed, will be found useful for such papers.

Then — when you have decided on the proper place for all your family documents — sit down and fill in the checklist on these two pages. On the appropriate line write down the location of each document. Give any other information you believe will be helpful in case of emergency. This checklist should be kept in a safe place at home — always available for reference. A word of caution: Be sure to keep it up-to-date!

Your Name \_\_\_\_\_ Date \_\_\_\_\_

## BUSINESS RECORDS

Business interests; partnerships (indicate) \_\_\_\_\_

Contracts and agreements (location) \_\_\_\_\_

Notify in emergency \_\_\_\_\_ Address \_\_\_\_\_

## CASH

Checking acct. (name of bank): \_\_\_\_\_

Savings acct. (name of bank): \_\_\_\_\_

Joint acct. (name of bank): \_\_\_\_\_

## LIFE INSURANCE

Company	Policy No.	Full Value	Location
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Unpaid loans \_\_\_\_\_

## OTHER INSURANCE

Auto (name of company): \_\_\_\_\_ (location) \_\_\_\_\_

Fire (name of company): \_\_\_\_\_ (location) \_\_\_\_\_

Health & Acc. (name of company): \_\_\_\_\_ (location) \_\_\_\_\_

Other policies \_\_\_\_\_ (location) \_\_\_\_\_



## INVESTMENTS

U.S. Government bonds (location): \_\_\_\_\_

Other bonds (location): \_\_\_\_\_

Stocks (location): \_\_\_\_\_

Where is list of bonds, stocks? \_\_\_\_\_

## PERSONAL PROPERTY

Auto (in whose name?): \_\_\_\_\_ Title (location): \_\_\_\_\_

Safe deposit box (bank): \_\_\_\_\_

Where is safe deposit key? \_\_\_\_\_

Other personal property: \_\_\_\_\_

## REAL ESTATE

Deeds (in whose name?): \_\_\_\_\_ (location): \_\_\_\_\_

Mortgages (held by): \_\_\_\_\_

Tax receipts (location): \_\_\_\_\_

Cemetery lot (location): \_\_\_\_\_ (deed): \_\_\_\_\_

## SOCIAL SECURITY

SS number \_\_\_\_\_ SS card (location): \_\_\_\_\_

Employment record (location): \_\_\_\_\_

## VITAL RECORDS

Birth certificates (location): \_\_\_\_\_

Citizenship papers (location): \_\_\_\_\_

Marriage certificate (location): \_\_\_\_\_

Military and miscellaneous \_\_\_\_\_

## WILLS

Husband's (location): \_\_\_\_\_ Wife's: \_\_\_\_\_

Executor: \_\_\_\_\_ Executor: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_

Attorney: \_\_\_\_\_ Attorney: \_\_\_\_\_

Address: \_\_\_\_\_ Address: \_\_\_\_\_



# But when I retire ... *what then?*

Well ... that depends on what you do about it right now! For you can't start thinking and planning too soon for the day when you retire.

by **Millard Faught**

President, The Retirement Council

**S**UDDENLY there seems to be a lot more people living a lot longer than they used to. Since 1900 nearly 21 years have been added to life expectancy at birth in America. While the population has doubled, those in the 65-and-over bracket have quadrupled. Today there are more than 14-million such senior citizens. By 1975 about one out of every 10 Americans will be past 65.

Such basic changes have economic and human significance for everyone. Now, more than ever, it is important for each one of us to do some foresighted retirement planning. Here is a checklist guide of some of the important factors to include in such planning.

**Attitude** — Although we have greatly reduced the percentage of time that we devote to work we are still doing a lot of "experimenting" with how best to use our greatly increased "time income," particularly with our future retirement period. Even those of us who look forward to this "large economy size" of future leisure have a human tendency to put off doing much about getting ready for it.

**Start by Starting Now** — There is no period of your life where you can exercise so much control over what you personally wish to do with it as in the period of retirement when "it's all yours." The more you anticipate and plan for it, the greater will be your enjoyment.

**Enough Money** — This is perhaps the best "hard-headed" reason to start planning for retirement. There's nothing like good old-fashioned budgeting for so desirable a goal. Fortunately, there is available many local sources of expert advice and literature — from banks, insurance people, and government agencies.

**Time Use** — Jobs are such dominant factors in our lives it takes a lot of substitutes to offset them in retirement. Just stretching those weekend hobbies are not likely to suffice. Develop some bolder plans out of your hobbies. One of them might be expanded into an interesting and even profitable part-time career.

**Where to Retire** — Check your preference for other localities by visiting them on your pre-retirement vaca-

tions. Maybe your home town will always be your choice — after all, the "geography" of retirement means people as well as places.

**Housing** — A smaller home or apartment that requires less maintenance attention may be preferable after the children are grown up. It is always nice to stay near the children, but probably more than "one wall away."

**We, Not I** — Retirement affords and indeed needs *mutual* planning by husband and wife. You will have more time for togetherness than during the periods of job career and child raising. Since this calls for compromising it is another reason for pre-retirement planning — together.

**New Interests** — That older people can't learn new things or acquire new interests is mostly bunk, as the careers of Grandma Moses, Churchill, Baruch and many others wonderfully attest. Retirement is the time to learn and try the new things you *want* to do, not just those you *must* do.

**Community Life** — Retirement is no time to withdraw from society. With modern life as complex as it is, there are more rather than fewer things for people to do together in their community. Much of the community work now done by harried parents could be better done by leisured grandparents. Plan to retire *into*, not *out* of your community life.

**Health** — Without continued health, no other objective can be very rewarding. Even if you never intend to retire, take the long view of your life ahead and conserve your health resources. Medical authorities — from dieticians to geriatricians — have made great strides in helping preserve health in older years and you can help yourself by following their advice.

## A Great Day Ahead!

*There are many more guides from which you can begin to think about your own future retirement. Like words in the dictionary, one leads to another. But start the list now! It can be a great day!*

# How to Spoil a Vacation

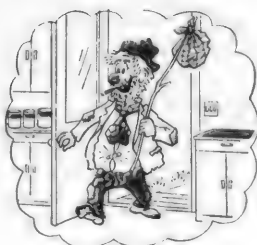
By **DICK ERICSON**



**M**ET the Joneses . . . who were so busy daydreaming about their vacation they forgot to make a list of things to do before leaving. Now they spend their happy shipboard hours wondering, Did we . . .



. . . tell the mailman?



. . . lock the back door?



. . . tell Aunt Julia what to feed the birds?



. . . have the yard man come over?



. . . put the valuables in the safe deposit box?



. . . notify the paper boy?



. . . let the milkman know?



. . . turn off the boiler?



"Two things I'm certain of . . . I bought plenty of traveler's checks . . . and I left them at home."

# What will women think of next?

**W**HEN the Government called for the views of women on how the design of the American house could be improved to promote family living, it apparently learned something that is familiar to every builder who has ever put up a subdivision, to every real estate salesman who has tried to sell a house, and to every banker who has had to sell a piece of acquired real estate.

The fundamental lesson is that people have many different opinions as to just what is desirable in a house: that what will please one family will not necessarily please another.

This was clearly indicated by a few excerpts from the letters of some 1,500 women who wrote to Albert M. Cole, Administrator of the Housing and Home Finance Agency. Mr. Cole had asked women over the country to send him "practical, not fantastic" suggestions about the kind of house they'd like.

## Opinions Varied

Such excerpts as were made public indicated a considerable divergence of opinion among women as to what should be in a house. Thus, there was lively interest in kitchen design. According to some, the kitchen should be large enough to become a "family room" where the family could congregate while dinner was being prepared. The TV should also be there, and the kitchen should be the usual eating place of the family.

On the other hand, one woman was quoted as saying that she did not like to feed people in the kitchen and expose them to cooking odors and the usual clutter of the room. One woman wanted a room where children could ride tricycles and play games. Some women wanted basements and others did not. One woman wanted to have a room away from the TV and other sources of noise, where there would be quiet.

The one thing on which there was unanimous agreement was that it was a wonderful idea for the Government to ask the women what *they* wanted.

A "Woman's Congress on Housing" was held later and for writers of the best 100 letters the reward was a Government-paid trip to Washington to attend the three-day meeting. The purpose of the conference was to work out changes in private-home design for middle-income families to provide better home life on a wider scale in this age of more leisure and mechanical conveniences.



**In the Kitchen**, a 16-mm., sound-color motion picture, created by U. S. Steel Corporation, presents the newest ideas in kitchen design and comfort. "Add-ability" is an important feature — units can be added as needed and as the family and budget grow.

Mr. Cole said 10,000,000 homes had been built since World War II, representing an investment of more than \$100-billion. Foreseeing an equal investment in home building in the next 10 years, Mr. Cole said: "The Government does not intend to be partner to a hundred-billion-dollar mistake." For example, Mr. Cole explained, "We must know whether families really get more service out of single-story, split-level, or open-design houses."

## More Housepower to You!

• YOUR CAR may have 250 horsepower, but how good is your *housepower*? A Model T stops traffic. But who looks at equally old and even more dangerous worn-out electrical wiring in the home? There are 50-million homes now standing. Half of them are 30 or more years old, and 10-million are 50 or more years. In 20-million of these houses the wiring facilities are obsolete and under capacity.

The Edison Electric Institute\* is sponsoring a contest for homeowners. Its purpose is to impress homeowners with the need for modernizing their house wiring to meet new demands created by the addition and use of an ever-increasing number of electrical appliances. In the past 10 years home use of electricity has more than doubled. But because the average person generally sees his wiring at only the fuse box or plug-in outlet, too many forget that the wiring system in their homes may need overhauling and modernizing just as much as the house needs a new roof or a new coat of paint.

The increasing number and variety of electrical appliances has put an ever-growing strain on the electric arteries that serve them. Awareness of that situation has prompted the Institute to launch this nationwide campaign for better wiring.

\*Edison Electric Institute, 420 Lexington Avenue, New York 17, N. Y.



# Are YOU a good driver?

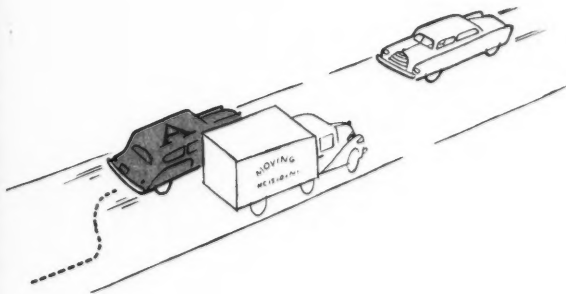
**Y**OUR brakes and steering mechanism can be tested for safety, and so can your own ability to read traffic signs and give hand signals. But there are equally important driving safety factors that no existing test can evaluate.

These are matters of psychological point of view. According to *Sportsmanlike Driving*, a high school textbook published by the American Automobile Association, Washington, D. C., the top notch driver has these evidences of a good psychological adjustment and maturity. (1) acceptance of responsibility, (2) self-control, (3) good sportsmanship, (4) forethought, (5) controlled attention, (6) good judgment, and (7) sense of humor.

We all know the timid pipsqueak who, the moment he has control of two tons of steel with lots of horsepower, suddenly becomes a reckless menace on the road, and yet there is no sure way for the licensing authorities to pick him out.

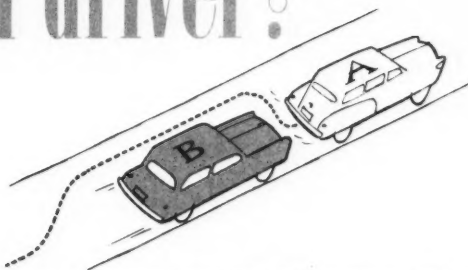
However efforts are being made, for example, in a driving test now used by the U. S. Army to detect the psychological hazards in drivers.

One means is the use of simple drawings such as those shown here, representing common situations on the road. With each drawing are four "solutions." The top-notch driver should be able quickly to select the best or only right one of the four.



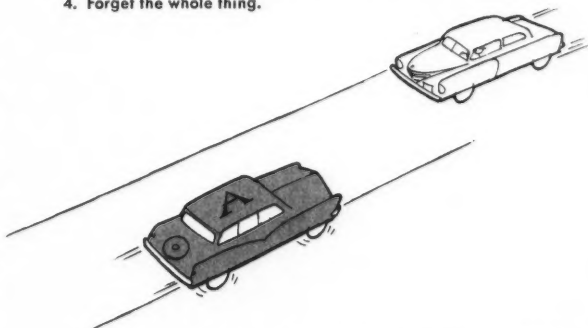
Passenger car (A) is passing a truck on a 2-lane road, with oncoming car only a few hundred feet away. Driver of Car (A) should:

1. Step on it and pass the truck.
2. Honk his horn, step on it, and pass.
3. Drop back into his lane behind the truck.
4. Pull off on the left shoulder of the road.



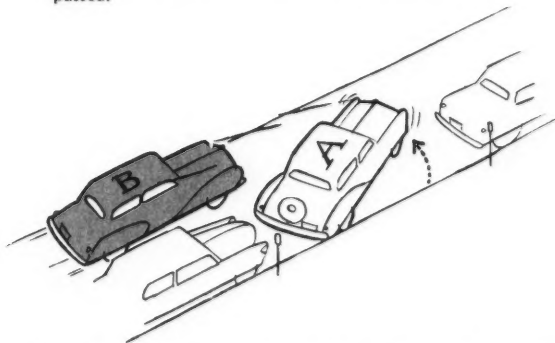
Car (A) has just passed Car (B) with a great deal of honking. Car (A) also cut in sharply in front of Car (B), forcing latter to slow down. Driver of Car (B) should:

1. Stay a safe distance from Car (A) whose driver appears to be irresponsible.
2. Hold down his horn button and pass Car (A), cutting in sharply ahead of (A).
3. Follow Car (A) as closely as possible, honking horn steadily.
4. Forget the whole thing.



Car (A) has its right wheels off pavement, on shoulder with oncoming car a hundred feet away. Driver of Car (A) should:

1. Increase speed immediately and return to pavement.
2. Slow down and return to pavement.
3. Stay off pavement until he comes to a driveway or intersection.
4. Slow down and return to pavement after oncoming car has passed.



Car (A) is pulling out of parking place, with Car (B) approaching from rear. Driver of Car (B) should:

1. Continue passing Car (A) who must watch out for oncoming traffic anyway.
2. Honk horn until Car (A) returns to parking space.
3. Wait for Car (A) to continue out and down road.
4. Swing into left lane and pass Car (A).



***You furnish  
the kitchen—  
WE'LL FURNISH THE CASH!***

Yes, the extra dollars it takes to transform a drab, out-of-date workroom into the smartly modern kitchen a family dreams about can be borrowed from our bank—*right now*. The borrower needn't even be a depositor here.

This applies to *all* home-improvement needs—new heating equipment . . . storm doors and windows . . . an additional bathroom . . . a garage or porch . . . roofing, painting, decorating, plastering.

Get an estimate on what you have in mind; bring us the figures. We'll give you quick action on your loan application. Remember, we lend at low cost, and extend the repayment period far enough to make borrowing really worth while!

THIS IS AD FD-21

